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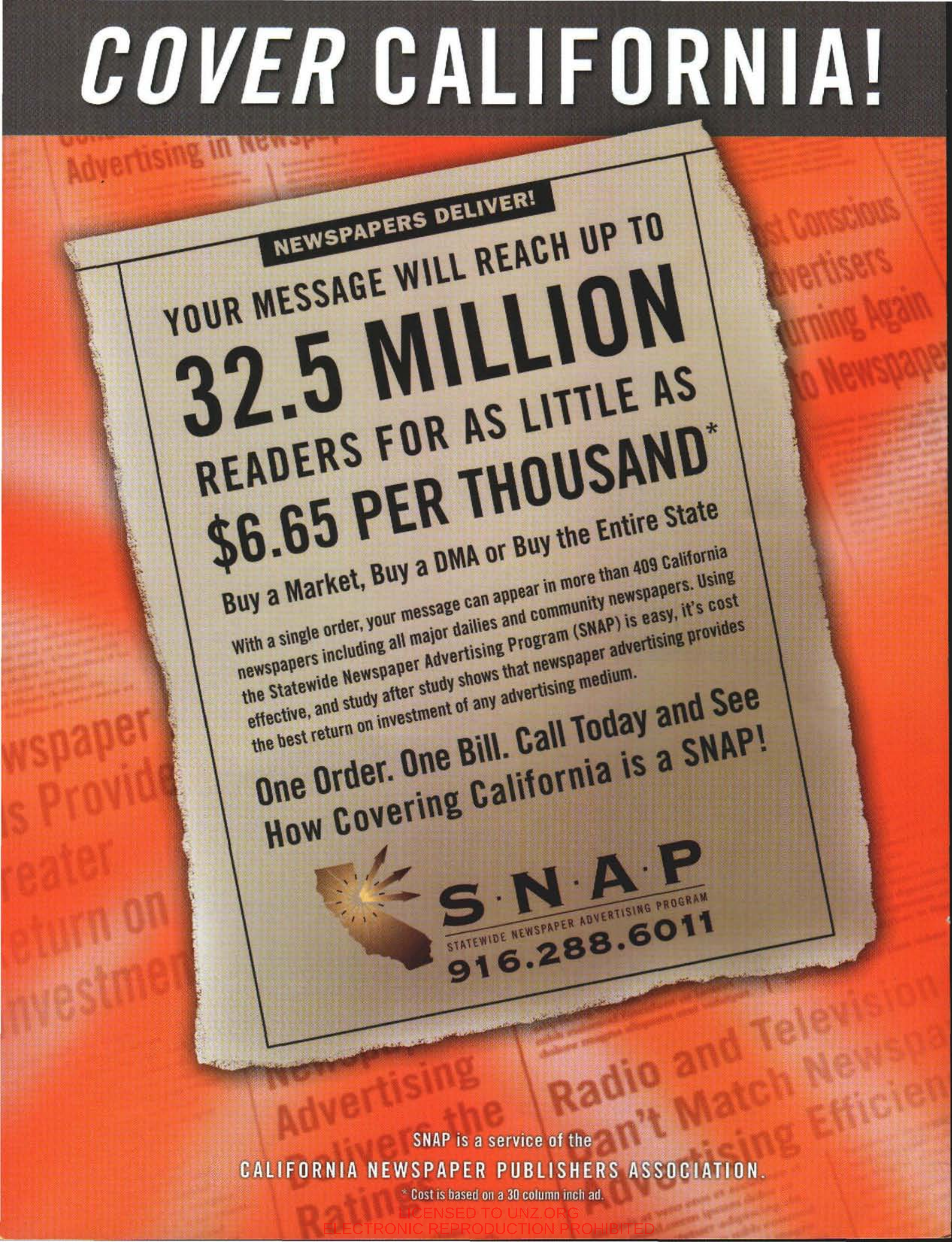
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New regulations require hospitals to increase their nurse-patient ratios, leaving hospitals and nurses to wrestle with the implementation.
By Sigrid Bathen

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Southern California supermarket chains are battling unions over health care, with the outcome likely to affect management-labor relations far beyond the grocery industry. **By Sandy Harrison**

Declining health

Health care is very much in the news these days, whether it is official fretting over the number of Californians without health insurance, the cost of prescription drugs or the sky-rocketing cost of health benefits to employers and employees alike. This issue of *California Journal* presents several snapshots of the health-care landscape: the potential impact of budget cuts on health care for the poor, new hospital requirements for nurse-patient ratios, and the conflict over health benefits that lies at the heart of a Southern California grocery strike. All three stories bear witness to a system in turmoil — not only for the poor and uninsured but for every Californian who relies on readily available health care. If one piece of that system is overstressed — say, emergency rooms overburdened with patients unable to afford preventive care — it will affect how health care is delivered to even the most affluent among us. It's an issue that binds us all.

A.G. Block

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One year ago, the state's Democratic Party seemed invincible. But a recall election brought to power its worst nightmare.
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A Q&A with Democrat Fabian Nunez, the Assembly's new (freshman) speaker.

Cover photo: Michael Prince/Corbis

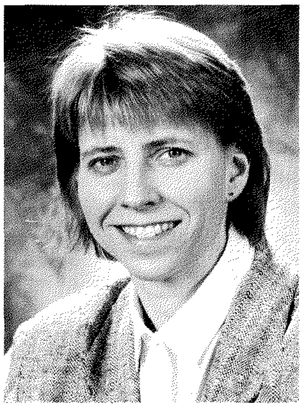
Melanie Smith

(1957-2004)

California Journal lost a member of our family last month. Associate Editor Melanie Smith died February 7 after a two-year battle with breast cancer.

"There are many fine journalists in this country who labor outside the bright spotlight of the best-known newspapers and magazines. Melanie Smith was one such," said *Journal* contributing editor Lou Cannon, a friend and admirer. "She was a dedicated reporter and editor who was determined to get the facts right in every story — and almost always did. And she was brave and resolute, continuing to work long after contracting what proved to be a fatal disease."

In her personal life, Melanie was a collector. She collected dogs, cats, music, figurines, books, snow globes, movies and friends. But her special love was animals, any animal. In addition to the two dogs and three cats that shared her Sacramento bungalow, her front porch was a kitty smorgasbord for neighborhood strays. There was always food out. Last summer, she even bought special kibble for a rat that had taken up residence in her garage. She was forever rescuing homeless dogs and cats, then cajoling friends — or friends of friends — to adopt them.



Melanie Smith

She was a marvelous pianist, an aspiring vocalist and an avid fan of comedian Eddie Izzard, offbeat mystery novels, the Ashland Shakespeare Festival and "Lord of the Rings." She smiled easily and had a wonderfully wry sense of humor.

On the surface, Melanie was shy, quiet and very private. But over the past two years, those who worked with her realized that she was made of more fiber and steel than anyone could have imagined. She fought an insidious cancer ferociously, never giving in, ever willing to endure the next treatment, the next attempt to turn back a virulent and aggressive disease. She endured many setbacks, but her discouraging moments were fleeting and confronted with dignity. She also was not afraid to be afraid, and she fought the inevitable right up to the last day of her life.

Melanie was devoted to her work, which included keeping us honest in our use of language. But her primary focus was as editor of *Capitol Journal*, a 50-state weekly news briefing published by State Net, *California Journal's* parent company. She stayed on the job for most of her two-year ordeal, through chemotherapy and radiation and a mastectomy, taking a leave of absence only last November. She was a daily inspiration to those of us exposed to her courage as she waged a lonely and terrible struggle.

Melanie Smith was born in Glendale on May 19, 1957, and raised in the small Los Angeles-area town of Tujunga. She earned a bachelor of arts degree in English from UCLA in 1980 and a master's in English Literature from California State University, Sacramento, in 1994. She began work at State Net in 1992 as a part-time employee in the company's database division and joined the *California Journal* editorial team in 1995. She was named editor of *Capitol Journal* in August 1999.

Melanie died at noon on a Saturday at home with family, friends and pets nearby. She is survived by her parents, Frances and James Smith of Auburn; brother Kendall Smith of Sacramento; half-brother Tom Crosby of Fontana; nieces Norena Smith and Corey Crosby; and a legion of friends.

— A.G. Block

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Travel Time:

Going the distance

When it comes to long-distance travel, no one beat Assm. Carol Lui (D-Pasadena) last year. Sponsors sent her to Europe, Japan and Sweden — trips she reported to the FPPC as $36,000 in gifts.

One sponsor, the California Foundation on Environment and Economy (CFEE), touted the European tour as a way for policy makers to "get a different perspective" on issues such air quality, water resources and clean energy.

Meanwhile, Lui's $17,000-expedition to Japan was largely a "fact-finding" mission paid for by the Japanese government, according to Lui's press secretary Candice Chung. The purpose: study Japan's higher education and vocational training programs. "You study your own system so much that you forget what else is out there," Chung explained.

In Gothenburg, Sweden, a nonprofit organization called the Energy Coalition paid for Lui to attend its annual meetings on clean energy.

CFEE Pres. Patrick Mason insists the trips are worthwhile. "In California, there's either a Republican idea or Democratic idea. If you go to other countries to see what they're doing, you get a different perspective."

Assembly:

Class reunions

High schools and colleges have reunions. So how 'bout the state Capitol? The first reunion of former Assembly speakers seemed too good to be true — and it was. The Jan. 29 gathering was canceled after the guests, scattered around the state, couldn't mesh schedules.

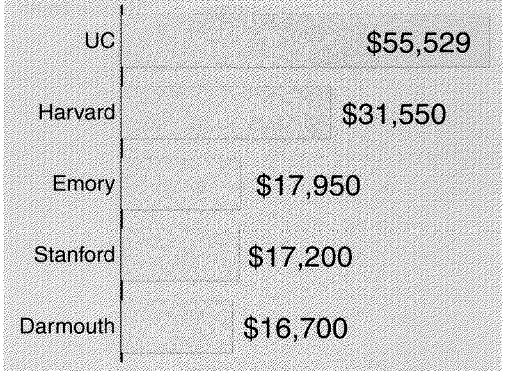
However, a reunion — of sorts — took place anyway. As new Speaker Fabian Nunez (D-Los Angeles) took office on Feb. 9, all but one of the speakers from the past 35 years were on stage with him, including Bob Monagan, Curt Pringle and Willie Brown.

Meanwhile, former GOP Gov. George Deukmejian (1983-1991) and his staff are hoping for better luck. They are inviting the Duke's staffers, along with spouses, kids and former state officials, high and low, to a May 1 reunion in Sacramento.

Campaign Donors:

Ivory towers top the charts

As the King of Internet campaigners, Howard Dean rocked the presidential political world by quickly and cheaply amassing $43 million — at least $20 million in cyber-donations alone. Among his Top 10 donors overall, half of them were a surprising special interest: university employees, of those California's UC employees were the biggest givers of all.



Source: Dwight L. Morris & Associates, Federal Election Commission through Dec. 31, 2003

Quotables.....

"What San Francisco has put together, let no court rip asunder."

— San Francisco Co. Supervisor Jake McGoldrick in *The Sacramento Bee*, referring to hundreds of same-sex couples being married in SF's City Hall in defiance of state law.

letters

Political Pickpockets?

I do not doubt that [Democratic Assemblyman] Darrell Steinberg ["Campaign Finance Reform," Soapbox, February 2004] and many other would-be politicians would dearly like to pick the public pocket to get into office, as well as spend the public's money on a variety of self-serving schemes once they are elected. His "clean money" is an uncapped mandate to get into the public's pocket and opens up a plethora of unintended consequences.

Perhaps a simpler solution would be for each registered voter to indicate if they would like to serve in the Legislature and be put into a pool of eligible candidates selected by random from each district. The court system selects jurors this way who decide issues of life and death every day. Eliminating campaigning would remove the money from the process and would also remove the egos which get in the way of finding reasonable solutions.

Bruce Bibee
Los Angeles

Taking Sides on Gay Power

I read [Bill Ainsworth's] article on gay/lesbian equality and the controversy surrounding it in the issue ["The New Gay Power: No Longer on the Outside," January 2004].

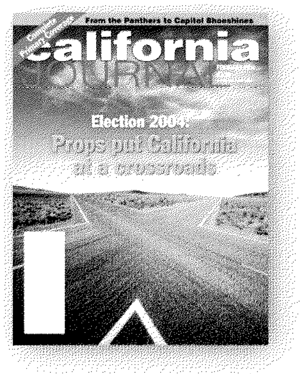
Despite the claims of a need for education and a dialogue that one hears in the gay/lesbian community, I know of no gay/lesbian activist group that is willing to discuss, factually and rationally, the nature of homosexuality and the basis for the objection to its normalization/acceptance by those of us in opposition to it, and I'll bet you don't either.

Doesn't that tell you something about prejudice and bigotry and where it exists?

John P. Owens

I enjoyed your article on California ["The New Gay Power"]— a good story and very clear about a very complicated state! Some folks don't remember how strongly African American legislators support GLBT (Gay, Lesbian, Bisexual, Transgender) rights. Thanks.

Rita Addessa, Executive Director
Pennsylvania Lesbian and Gay Task Force
Philadelphia, PA


From the Panthers to Capitol Shoeshines
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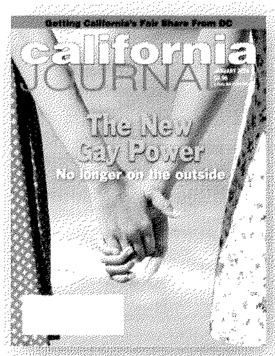
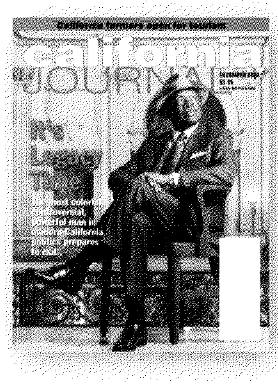
Election 2004: Props put California at a crossroads





I enjoyed reading Bill Ainsworth's balanced and extremely interesting piece ["The New Gay Power"], which I read online in your January 2004 edition. I appreciated in particular the great detail the article gave.

I commend you also for publishing such a piece in the face of the flak I'm sure you will have received. Keep up the good work. It is appreciated both in California and outside!

Jamie MacKi
Seattle, WA

On Base with the Governor

Great article by Dana Wilkie ["Arnold's Promises," D.C. Perspective, December 2003] in the *California Journal.* I especially liked the paragraph about Congresswoman Ellen Tauscher (D-Walnut Creek) getting Gov. Schwarzenegger's support for saving bases in California but having to explain what BRAC [Base Realignment and Closure] stood for. I am sure the new governor is learning a lot and very quickly.

Regarding base retention and the upcoming BRAC process: The 61 remaining bases in the state are an important national security asset and valuable to the overall economy besides other critical concerns like homeland security, education, etc.. Though the Dept. of Defense does not consider economic impact as an important consideration, one cannot ignore the $31 billion annual impact that the military contributes to California by having this infrastructure in place. When you add the $30 billion impact of the defense and aerospace industry, this combination takes on considerable proportions.

This is a subject many elected officials are starting to pay attention to, and your readers should be exposed to the national security implications, jobs, economic considerations, etc. [As well as] the impact on California if the state takes the tremendous hit we did in the four previous rounds that eliminated 40 percent of the bases, with California taking the biggest hit in the nation.

Tom Lasser
Redondo Beach

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A SYSTEM ON THE

For those who rely on the state for health care, the budget crisis and pending cuts to Medi-Cal and Healthy Families threaten not only their health but the viability of a system that serves nearly 14 million Californians.

By Stephen Robitaille

BRINK

It is a measure of the flimsy state of California's health-care safety net that the chief of the Los Angeles County health department — which by 2007 will face a deficit that could hit $1.5 billion — says that things are actually looking up.

California cares for some 14 million of its poorest, sickest and most vulnerable residents through a hodge-podge of programs known collectively as "the safety net." This system, chronically under-funded and in a number of regions barely able to deliver its legally mandated medical care to patients, is in many ways as vulnerable as the residents it serves.

The "optimism" expressed in Los Angeles notwithstanding, things could be about to get a lot worse. As Governor Arnold Schwarzenegger wrestles with a projected $15 billion deficit in the 2004-05 budget, his proposal to cut an estimated $961.6 million from indigent health care programs could spark the collapse of key components of that safety net, cost the state billions of dollars in lost funding and increased medical costs, and swamp an already overburdened infrastructure with hundreds of thousands of new uninsured patients, according to program managers, provider groups and industry organizations.

In short, say critics, indigent patients will face severe barriers to medical care, run the risk of dying or having serious health conditions go untreated — and providers will be pushed into bankruptcy or, if they are able to, will simply quit serving the safety net.

"The condition of the safety net? In one word: 'endangered.' California is a state with more than six million uninsured, and another six million who rely on Medi-Cal for their basic health care," said Anthony Wright, executive director of Health Access California, a health care advocacy group. "You not only live sicker and die younger, but if you're uninsured, you're one medical emergency from financial ruin. The governor's budget ... raises huge access problems."

"We really have no choice but to cut spending, but these are
There is this imperative to get the state's
but we realize how important these

The Schwarzenegger administration has been aggressive in defending its health care budget proposals, casting them as a balanced attempt to curb unsustainable program cost increases while protecting safety-net services for those residents most dependent on them.

Kim Belshé, secretary of the Health and Human Services Agency, said the administration has been handed the thankless task of retooling a profoundly out-of-whack budget system, the legacy of years of overspending by the Legislature and former Governor Gray Davis, who was ousted in the October recall that swept Schwarzenegger into office.

Belshé cited oft-quoted figures that show state government revenues increased by 25 percent in the last five years while state spending rose 43 percent. Costs in the Medi-Cal program rose 70 percent between 1994 and 2003, a climb that mirrors private sector health insurance increases. At the same time, overall general fund spending nearly doubled during the past 10 years — from $41.9 billion to $78.3 billion. In addition, California offers safety-net benefits that many other states do not, such as prescription drug coverage and dental care.

"We really have no choice but to cut spending, but these are cuts that will challenge us all," said Belshé. "There has been a fairly dramatic disconnect between revenues and expenditures in recent years. There is this imperative to get the state's fiscal house in order, but we realize how important these services are to people in need. On one hand, doing nothing is not acceptable. On the other hand, the blanket elimination of services and programs is not acceptable, either."

The largest single rollback in the Schwarzenegger budget plan, some $880.5 million, would fall on the Medi-Cal program, the biggest of the safety net programs. Medi-Cal, funded in a roughly 50-50 split between the state and federal governments, provides insurance coverage for roughly 6.6 million welfare mothers and children, and aged, blind and disabled residents.

In addition, the Schwarzenegger administration in January embarked on an ambitious overhaul of Medi-Cal. The redesign seeks to pare an additional $400 million a year through cuts in benefits and tightened eligibility requirements (which could render an estimated 350,000 beneficiaries uninsured), and an expansion of its managed-care program. The revisions are slated to be ready for review by the Legislature in May and would be implemented in the 2005-06 fiscal year.

Budget proposals for three other programs would cap enrollment at current levels and create waiting lists for patients seeking services. They are:

- the Healthy Families program, a joint state-federal program that each month provides medical coverage for 732,000 low-income children whose parents make too much money to qualify for Medi-Cal.
- the Children's Medical Services program, which covers indigent children with catastrophic medical needs or genetic disabilities; and,
- the HIV/AIDS Treatment and Prevention program, which includes a prescription-drug discount program for poor AIDS patients.

Finally, the budget plan would cap enrollment for all immigrants in public insurance programs and shift $1.3 billion in tax revenues from city and county governments to state coffers, which would result in a number of undetermined cuts to county hospitals and local indigent care programs.

"The safety net in California is already in crisis, and we are having increasing difficulty in providing care to our poorest residents," said Denise K. Martin, president and chief executive of the California Association of Public Hospitals. "We really don't have a spending problem, we have a demand problem — from the uninsured, the rising costs of health care, and [the fact that] we are so heavily dependent on government support. I've been doing this for 15 years and it's the worst I've ever seen it."

Schwarzenegger's plans are certain to face rough treatment in the Legislature. In early February, the Senate Budget Committee rejected $1.9 billion in mid-year budget cuts, which included health program proposals similar to those on the table for the coming fiscal year.

In many ways, the current fiscal battles echo the state's last round of health care cuts, when former Governor Pete Wilson presided over recession-era rollbacks of $264.7 million to Medi-Cal in the 1993 and 1994 fiscal years.

Medi-Cal always has been one of the first targets for saving money in recessionary times; governors George Deukmejian and Gray Davis made cuts to Medi-Cal programs in their tenures, as well.

> **cuts that will challenge us all …**
> **fiscal house in order,**
> **services are to people in need."**
> **— Kim Belshé**

The current budget plan and Medi-Cal redesign, which seek to make the system more efficient and cost-effective, focus on many of the same areas targeted by previous administrations. But the sheer size and potential impacts of the current proposals dwarf any previous budget measures.

Cuts to providers

Top among them is a little-noticed provision in the governor's Medi-Cal proposal, which calls for a 10 percent cut in payments to system providers. This could cripple the Medi-Cal Managed Care program, touted by proponents for improving patient access and saving the state millions of dollars a year.

MCMC, as the program is known, provides medical coverage to beneficiaries in 22 counties and covers roughly half of all Medi-Cal beneficiaries statewide. Implemented in the mid-1990s, MCMC functions like an HMO program, with beneficiaries selecting a primary care physician, who manages all their health care services. Twenty-two public sector health plans provide care under MCMC, along with six commercial plans, such as Blue Cross of California and Kaiser Permanente.

The program is mandatory for welfare mothers and children, and optional for most aged, blind and disabled patients. The administration's Medi-Cal redesign seeks to funnel more aged, blind and disabled beneficiaries into managed-care programs, said Belshé.

But three MCMC plans that currently provide coverage to women and children and to aged, blind and disabled residents — lauded by many as success stories of managed care solutions for all Medi-Cal patients — are fast approaching bankruptcy, the result of state funding that for years has failed to keep pace with program cost increases. At least one of them, the Santa Barbara Regional Health Authority, likely will go bankrupt if the Schwarzenegger provider cut goes through.

"What will happen if these cuts go through? We're done — game over," said Robert Freeman, the Santa Barbara authority's deputy executive director.

The 21-year-old agency, the oldest of its kind in the country, is a county-organized health system, a type of public sector managed-care organization that predates MCMC and has been incorporated into the program. Nearly 55,000 county residents receive care from the agency under Medi-Cal, Healthy Families and a local plan that provides care for mothers and babies up to age 2. Freeman said that authority studies have shown that the agency saves the state $13 million a year in reduced medical costs, but the plan's cost savings have been outstripped by medical inflation and the state's failure to keep pace.

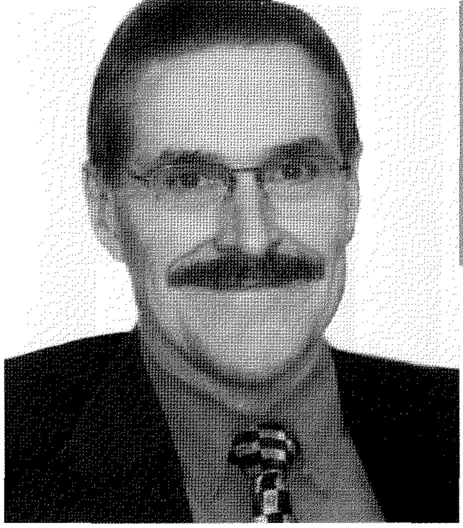
Kim Belshé, Secretary of Health & Human Services

The Health Plan of San Mateo, in San Mateo County, faces a $3 million deficit after announcing a series of budget cuts in early February, aimed at keeping the plan solvent through the end of the year.

CalOptima, the Orange County-organized health system, is no more than two years behind Santa Barbara in facing bankruptcy, said Executive Director Richard Chambers. The plan, which will tap $20 million in reserves this year to cover its budget shortfalls, boasts a 275,000-patient system, served by 4,500 doctors, 21 hospitals, 12 clinics and 440 pharmacies. It has not received a rate increase from the state in four years, Chambers said.

"There are only a certain number of ways to cut costs — eligibility, coverage and reimbursement rates chief among them," said Chambers. "The state has a real quandary. They're looking for a silver bullet for program savings, and I wish them luck."

MCMC initially was able to pay managed-care rates to providers that approached private-sector levels. Plans have had varying degrees of success enlisting doctors and hospitals that otherwise avoided the Medi-Cal fee-for-service program, long criticized for its low payments to providers and onerous paperwork. For example, pediatricians regularly cite the Medi-Cal fee-for-service payment for a baby checkup, which has hovered around $20 for at



Dr. Jack Lewin, Executive Director, California Medical Association

"We will challenge the 10 percent cut. Absolutely. We have to, even though we also have to help Governor Schwarzenegger figure out how to deal with the budget deficit." — Dr. Jack Lewin

least a decade.

Bigger networks mean better access to medical care for Medi-Cal patients — as opposed to Freeman's description of an ordinary Medi-Cal card, which he likened to "a hunting license." A study by the non-partisan Medi-Cal Policy Institute found that 44 percent of doctors in the state's urban areas refuse to accept Medi-Cal patients, while 56 percent of Medi-Cal patients said they had trouble finding a doctor to treat them.

In December, a federal judge blocked a 5 percent cut to providers that was part of the 2004 fiscal year budget signed by Davis, in a lawsuit brought by a coalition of providers led by the California Medical Association. CMA also has vowed to file suit against Schwarzenegger's 10-percent proposal, but because MCMC involves state contracts with health plans, the court's ruling did not apply to it. So not only did the 5-percent cut go through unimpeded, the 10-percent cut will do the same thing.

"We will challenge the 10 percent cut. Absolutely. We have to, even though we also have to help Governor Schwarzenegger figure out how he deals with the budget deficit," said Jack Lewin, a physician who also serves as the CMA's executive director. "You take the experience of county-organized health systems, like CalOptima in Orange County: it pays doctors better ... it pays hospitals more favorably, and it costs the state less money."

The provider cuts also threaten the network of plans not at immediate risk of bankruptcy. MCMC administrators statewide said that doctors and hospitals are already chafing at payment schedules. Blue Cross, for example, the state's single largest MCMC plan with roughly 844,000 beneficiaries, already has passed the 5 percent cut on to providers, according to spokesman Michael Chee.

Another Medi-Cal Policy Institute study found that the entire MCMC system could soon be in jeopardy. The study, released in September, concluded that if medical costs continued to rise at historic levels and MCMC revenues continue to fall or remain flat, all 22 public plans would be on the brink of bankruptcy by 2005. Private plans would be at risk of withdrawing from the system, in a scenario reminiscent of Medicare managed-care plans in recent years. Chaos could quickly follow such bankruptcies, according to advocates, as patients scramble to get medical care, providers refuse to honor now-defunct contracts and medical costs come unhinged from managed-care contract controls.

Belshé said that the Medi-Cal redesign will include a review of rates paid to MCMC plans, as part of an overhaul of the system's financial structure.

"We recognize that the state needs to look at different ways of paying and organizing this program. We very much view organized systems of care as an important piece of the puzzle," said Belshé. "With the aged, blind and disabled, I think there's an opportunity to expand organized programs ... that provide better access and prevent hospitalizations. We will also look at the issue of rates."

More uninsured?

The other fear of safety net providers is that the cuts will swell the ranks of the state's uninsured, currently estimated at more than six million residents, placing yet another financial pressure on the system and severely limiting low-income patients' ability to receive necessary medical care.

The proposed cap on Healthy Families enrollment is estimated to result in a waiting list of 159,000 children statewide. In addition, state budget rollbacks in that program will cut doubly deep, as the state receives $2 in federal funds for every $1 it spends.

The proposed caps to the Children's Medical Services program would increase the numbers of uninsured children in the state, according to public hospital association chief Martin, because of the catastrophic nature of their medical conditions. For example, a premature baby will be admitted to a neonatal intensive care unit whether the baby is uninsured or covered by the state program — but the bills still run to $100,000 or more per case, regardless of who pays.

In Los Angeles County, where statewide health system problems often first appear and ultimately wreak the most damage, there are roughly two million uninsured residents and another 2.4 million covered by Medi-Cal, according to county officials.

Uninsured patients have clogged the area's emergency rooms for years because state laws mandate their treatment, regardless of their ability to pay. Carol Gunter, acting director of the county's Emergency Medical Services Agency, said that in 2003, hospitals countywide turned away ambulances 24 percent of the time because they were full. Among county-owned hospitals, that number jumped to 58 percent.

Dr. Thomas Garthwaite, director of the county's Department of Health Services, said he is more upbeat now about the department's fiscal condition, thanks to a new county parcel tax that will pump $168 million a year into emergency programs. But he presides over a system in which emergency-room patients sometimes wait long hours

> **"Health care in the United States is really a mess. Somebody needs to craft a vision."**
> **— Dr. Thomas Garthwaite**

Dr. Thomas Garthwaite, L.A. County Director of Health Services

for a bed or are sent home after treatment for conditions that once would have gained them admission to an intensive care unit, according to the emergency services direcctor.

"You are piling these largely unsolvable issues one on top of the other on the safety net system, and I think all hospital administrators feel this way," said Garthwaite. "Health care in the United States is really a mess. Somebody needs to craft a vision."

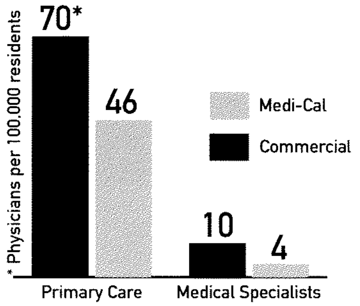
Stephen Robitaille is a freelance writer from Oakland. Comments on this article may be sent to **comments@californiajournal.com**

Instant Replay: How Medi-Cal Cuts Fared Under the Last GOP Governor

Taking a page from his predecessor, Gov. Arnold Schwarzenegger — whose top advisers include several key aides of former Gov. Pete Wilson — is following the Wilson playbook when it comes to cutting the sprawling state-federal Medi-Cal program. For both Republicans, the targets include payments to doctors and hospitals, drug costs and optional health care services for low-income adults. Here's how Wilson, faced with $25 billion in budget deficits over two years, put Medi-Cal under the knife in 1992-94:

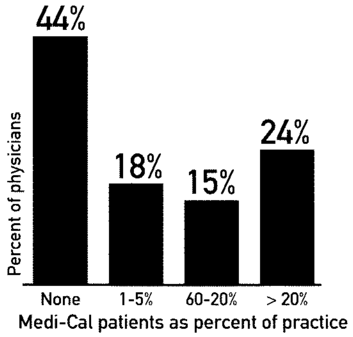
FY 1992-93	**Overall Budget Cuts** (Gen'l Fund & Dedicated Programs)	**General Fund Cuts**
Early Fraud Prevention Program	$10,702,000	$5,351,000
Expanded Drug Contracting	39,500,000	19,750,000
County Bounty – 3rd Party Insurance	2,160,000	1,080,000
Limit Non Contract Days	2,397,000	1,198,500
MCM – Managed Care Contractors	2,433,000	1,216,500
Out-of-State Hospitals: CMAC Rates	2,762,000	1,381,000
Acute Care Hospital Audits	3,000,000	1,500,000
Medical Supplies Mark-up Reduction	7,974,000	3,987,000
Incontinence Supplies	10,059,000	5,044,500
9.5% Provider Rate Reductions	18,137,000	8,993,000
Hospital Contract Rates	49,874,000	24,937,000
	$148,998,000	$74,438,500
FY 1993-94		
Early Fraud Prevention Program	$23,555,000	$11,777,500
County Bounty – 3rd Party Insurance	2,772,000	1,386,000
Limit Non Contract Days	9,586,000	4,793,000
MCM – Managed Care Contractors	2,014,000	1,007,000
Adult Dental Procedures	11,861,000	5,930,500
MCM – Field Services Branch	2,014,000	1,007,000
Air Ambulances Rates	3,869,000	1,934,000
HIPP Expansion	4,150,000	2,075,000
State Controller Fraud Audits	4,277,000	2,138,500
DP/NF Audits	5,750,000	2,875,000
Hospital Overpayment Collections	8,750,000	4,375,000
Theraputic Category Reviews	15,918,000	7,959,000
Medicare Crossover Payments	21,220,000	10,610,000
	$115,736,000	$57,868,000

Source: State Dept. of Health Services



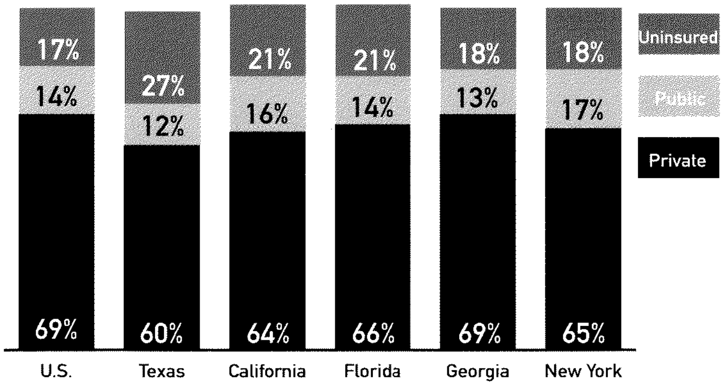
Urban Docs I: Where They Are

California has roughly 70 primary care physicians for every 100,000 residents in urban areas. But among those willing to take Medi-Cal patients, the number drops to only 46 primary care physicians per 100,000 beneficiaries — well below the federal recommendation of 60-80 physicians.



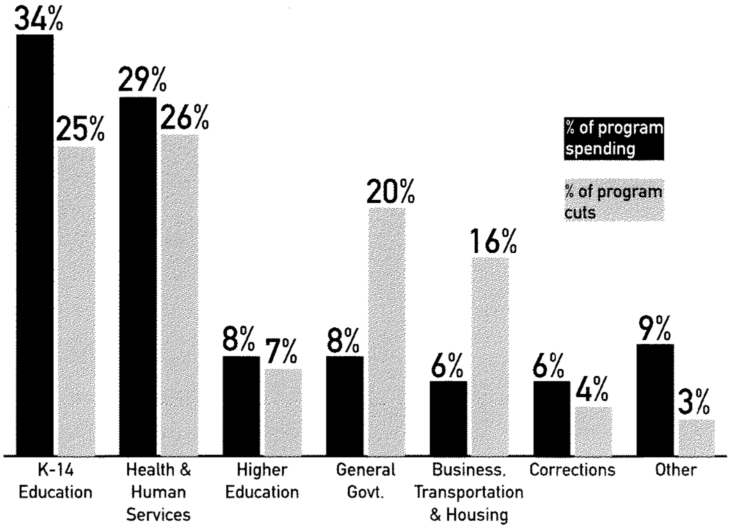
Urban Docs II: Who Takes Medi-Cal Patients

Nearly half of all physicians in California's urban areas do not see any Medi-Cal patients in their practice. Medi-Cal pays its physicians among the lowest reimbursement rates for medical services anywhere — 42nd in the nation and fifth among the 10 largest states.



Rising Ranks of the Uninsured

Among the 10 largest states, California has one of the highest rates of uninsured — 21 percent, compared to a national average of 17 percent. In people terms, if California had the same percentage of uninsured residents as the national average, there would be another 1.4 million Californians covered by healthcare insurance, according to the California HealthCare Foundation.



State Spending: Where it is and where it's headed

In dollar terms, Health and Human Services is targeted for the largest spending reduction ($3.1 billion) among all of the state's major programs. Over the last decade, state spending on Health and Human Services has increased 70%.

HealthCare

Where the Slicing and Dicing is Targeted

When it comes to budget cuts in healthcare, California is getting far more than a simple nip-and-tuck. Although total state funding for Health and Human Services would increase 5.5 percent, from $27.2 billion this year to $28.7 billion in next year's proposed budget, several health care programs are among the hardest hit in the state's overall budget — Medi-Cal and Healthy Families.

Under Gov. Arnold Schwarzenegger's proposed 2004-05 budget, Health and Human Services would suffer one of the biggest bites — $3.1 billion in reductions, or 26 percent of all cuts made to state programs.

The largest chunk, roughly $880 million, would come from Medi-Cal, which provides health care coverage for 6.6 million low-income children and families, as well as elderly, blind or disabled individuals. Some $462 million in savings would come from reducing provider rates paid to physicians by 10 percent. Despite the cuts, the governor's budget calls for increasing Medi-Cal enrollment by roughly 200,000 people.

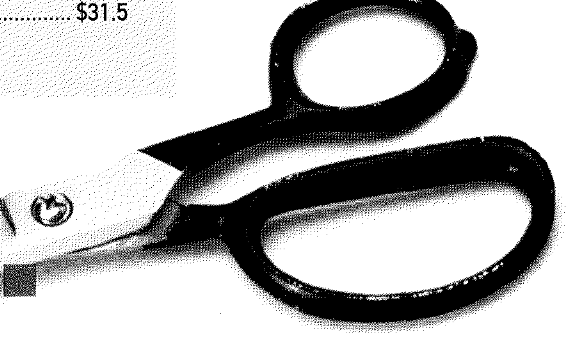
The budget includes funding to keep enrollment for Healthy Families (low-cost health insurance for children) at current levels, roughly 732,000 children. But it freezes enrollment at the January 2004 level, meaning an estimated 159,000 children would be placed on a waiting list — as long as eight months. Taken together, the Medi-Cal cuts and the cap on Healthy Families are expected to increase the number of uninsured in California, according to the California HealthCare Foundation.

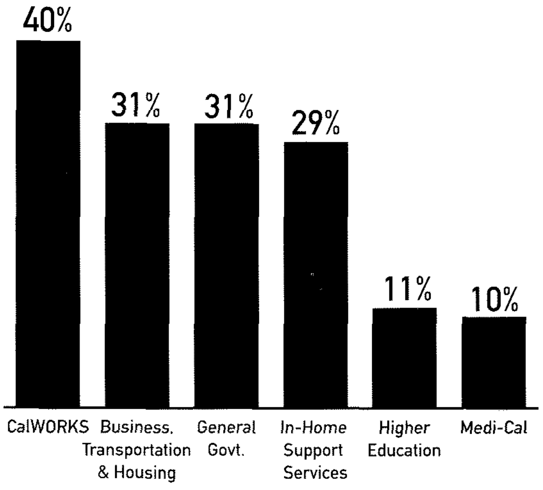
Where the Cuts Come From: Proposed Savings of $20 million and up

	FY 2004-05 (In millions)
MEDI-CAL	
Reduce provider rates by additional 10%	$462.2
Major program reforms (unspecified eligibility and benefit reductions)	$400.0 beginning FY 05-06
Impose "Quality Improvement Fee" on Medi-Cal managed care plans	$75.0
Revise rate methodology for rural and federally qualified health centers	$32.2
Reduce interim rates by 10% to cost-reimbursed acute care hospitals	$31.0
IN-HOME SUPPORT SERVICES	
Eliminate funding for services provided by parent and spouse caregivers	$365.8
Reduce state funding for wages and benefits	$98.0
Eliminate certain services in shared living situations	$26.3
OTHER	
Cost containment at centers for developmentally disabled	$100.0
Cap enrollment in children's medical services programs	$43.0
Adjust rates for outpatient mental health services to reflect actual costs	$40.0
Cap enrollment in Healthy Families	$31.5

Source: Governor's Budget Summary, 2004-05

’s Budget Bite:



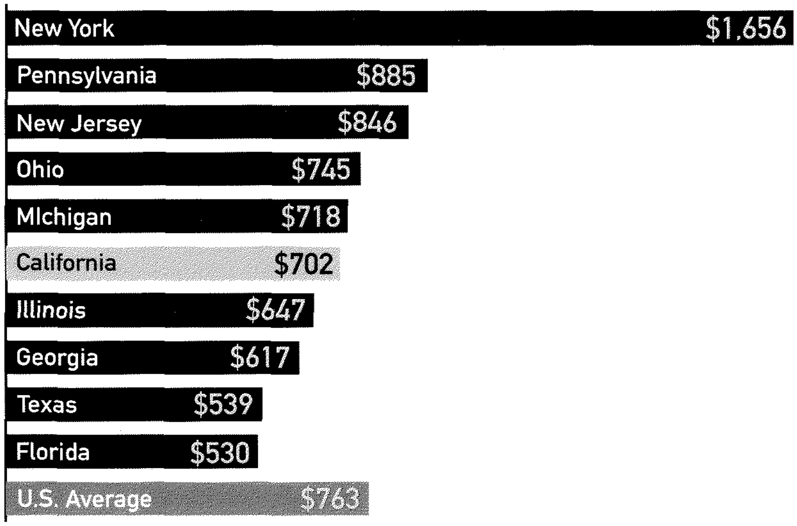


Who takes the biggest hits?

The largest proportional cut — the amount of spending reduction compared to program budget — fell on CalWORKs, the state's cash assistance program for welfare families. Also among those heaviest hit were budgets for general government, in-home support services and the Business, Transportation & Housing Agency.

Middling to Miserly on Medicaid

Among the 10 largest states, California ranks right in the middle in how much it spends annually per resident for Medicaid. At $702 per person, California falls below the national average of $763. According to the California HealthCare Foundation, the state spends less per Medicaid beneficiary than the national average ($4,465 vs. $6,528), even though it covers a larger percentage of the population (15 percent vs. 13 percent) and offers more Medicaid coverage than most other states.

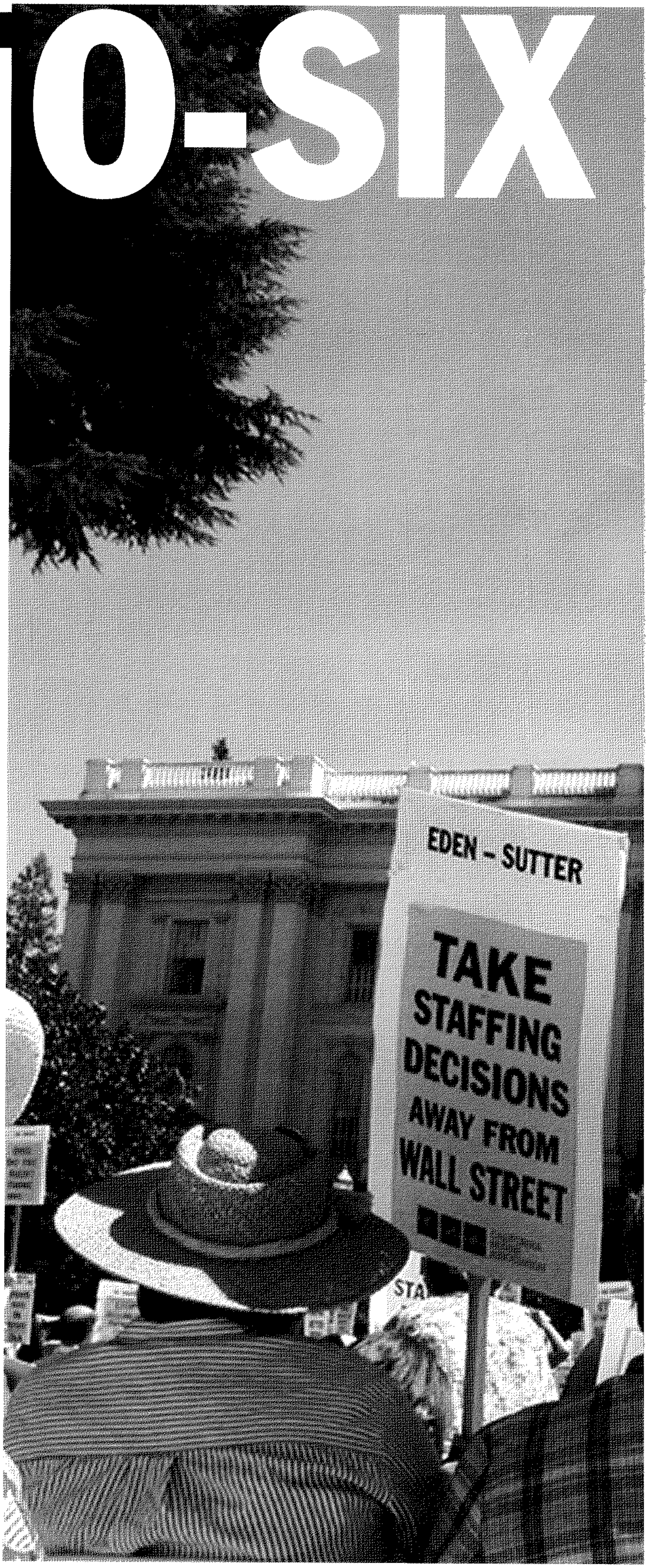


Source: California Healthcare Foundation, January 2004

ONE-TO-SIX

Five years in the works, marked by deep divisions between hospitals and nursing groups, California's new nurse-patient staffing ratios are the first in the nation. But are they workable, and can they be enforced?

By Sigrid Bathen


EDEN - SUTTER
TAKE STAFFING DECISIONS AWAY FROM WALL STREET

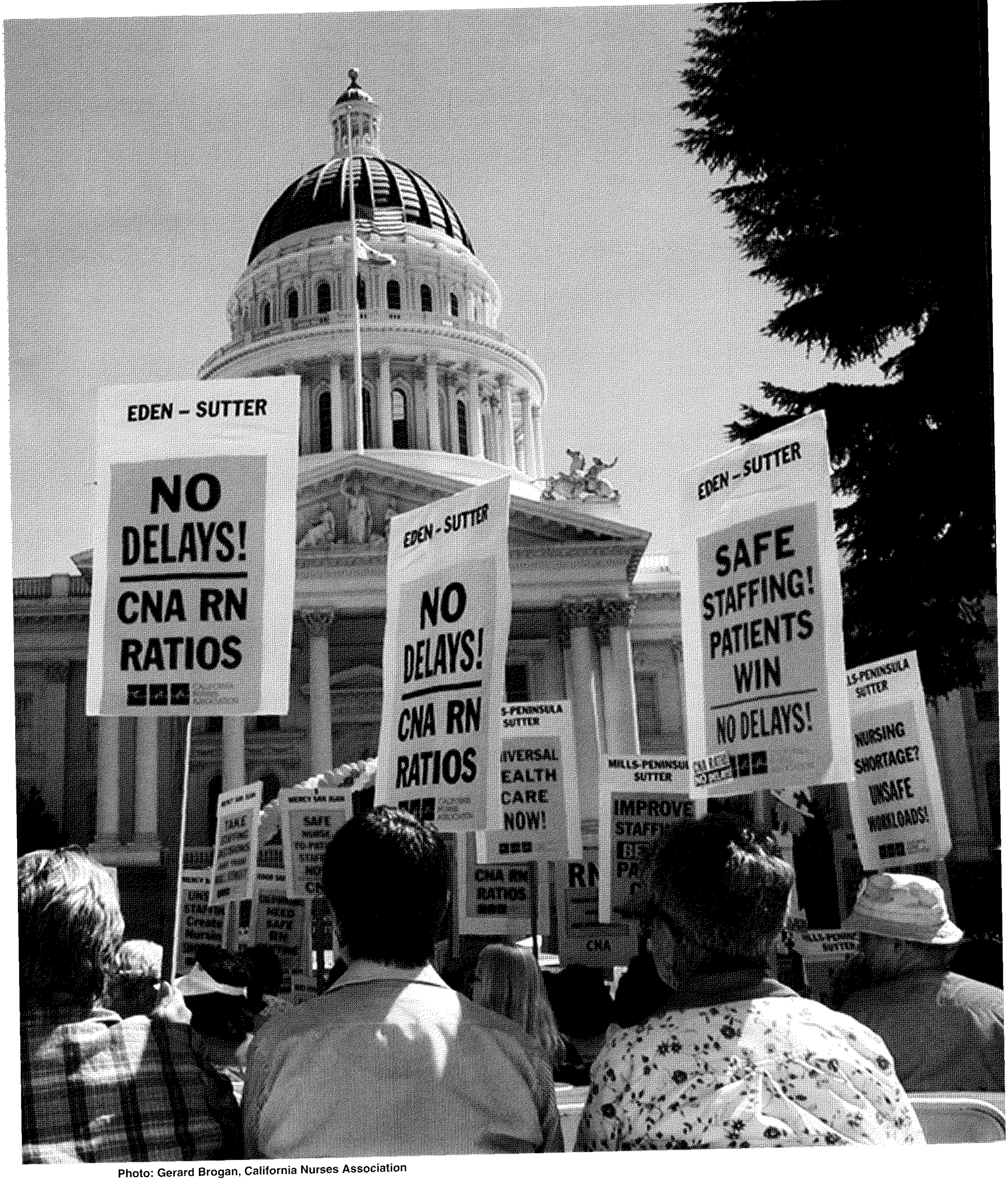
Maureen Barry is a registered nurse who has worked for the past 14 years at the University of California Medical Center in Irvine — the only "level one" trauma center in Orange County. It is also a burn and liver transplant center, a teaching facility, a children's hospital and a nationally recognized cancer center.

While many nurses in recent years have left acute-care hospitals because they are burned out by the staggering workload in hospitals, where only the sickest of the sick are admitted, Barry has stayed. A self-described "adrenaline junkie," she is alternately energized and overwhelmed by the enormity and complexity of her work.

During testimony at a hearing in Los Angeles on proposed nurse-patient staffing ratios conducted by the state Department of Health Services in November 2002, she gave a mind-numbing tour of her typical day:

"On any given day," she said, "I may be taking care of a patient having a heart attack, an acute MI (myocardial infarction), an uncooperative, violent 5150 (individuals deemed dangerous to themselves or others) who has overdosed [on anti-depressants], a pediatric patient with an acute asthma attack, and an acute appendicitis.

"The acute MI requires that I place the patient on oxygen, a cardiac monitor, set up a non-invasive blood pressure cup to record vital signs ... and consider starting clot-busting protocol with powerful anticoagulant[s]. ...I


EDEN – SUTTER
NO DELAYS!
CNA RN RATIOS
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NO DELAYS!
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EDEN – SUTTER
SAFE STAFFING! PATIENTS WIN
NO DELAYS!
MILLS-PENINSULA SUTTER
NURSING SHORTAGE? UNSAFE WORKLOADS!
MILLS-PENINSULA SUTTER
IMPROVE STAFF
UNIVERSAL HEALTH CARE NOW!
CNA RN RATIOS
MERCY SAN JUAN
SAFE NURSE-TO-PATIENT STAFFING NOW

Photo: Gerard Brogan, California Nurses Association am starting two intravenous lines, sending the STAT [emergency] labs, requesting an EKG [electrocardiogram] from our trauma techs, and am also ordering a STAT chest x-ray and grabbing an aspirin and the morphine — the aspirin for the blood-thinning properties and the morphine for the breakthrough pain."

Through all of this controlled chaos, the psychiatric patient — in leather restraints in the bed next to the asthmatic child — is screaming profanities. In the adjacent emergency room, there is "an active GI [gastrointestinal] bleed" patient who is vomiting blood. The emergency room charge nurse is too busy to help because she is trying to find beds for patients who have already been admitted. The emergency room is closed to ambulances because of "emergency saturation."

"But we're open for trauma," Barry testified, "because trauma makes money, and we get dinged by the emergency medical system and administration if we go 'down' [in] trauma too much."

On January 1, Barry and other registered nurses finally saw years of pressing for broad, nurse-patient staffing ratios rewarded when the state officially began requiring California hospitals to ensure specific minimum ratios of nurses to patients — one-to-six on medical-surgical wards, one-to-four in emergency rooms, one-to-two in labor-and-delivery and one nurse for each trauma patient. While nurse-patient ratios have existed for many years in certain high-risk units, such as intensive care, California is the first state in the nation to adopt across-the-board nurse-patient staffing ratios.

How much is enough?

It's been a long road, with a tortured legislative and regulatory history. The original legislation — AB 394 by now-Senator Sheila Kuehl (D-Santa Monica) and sponsored by the California Nurses Association — was passed in 1999 and signed by Governor Gray Davis. Earlier CNA-backed legislation failed in 1993 and 1998, although the latter bill passed the Legislature only to be vetoed by Governor Pete Wilson. Current legislation — AB 253 by Assemblyman Darrell Steinberg (D-Sacramento) and SB 1005 by Senator Joe Dunn (D-Santa Ana) — would toughen enforcement procedures.

After the Kuehl bill was enacted, the state Department of Health Services began the arduous implementation process. "It was a much more complicated regulations package than we had ever anticipated," said Brenda Klutz, longtime deputy director of the licensing and certification program in DHS, which regulates hospitals, nursing homes and other health care facilities in California.

As DHS staff struggled to come to grips with existing nurse-staffing conditions in hospitals, Klutz said, officials found that comprehensive studies "pointing to a particular numerical ratio that would affect patient health and safety on particular units" simply did not exist.

To gather the needed data, DHS conducted a detailed nurse-staffing study in conjunction with the University of California, Davis, which designed a staffing "survey tool." DHS carried out unannounced visits to 90 California hospitals, including weekends and holidays, on each hospital unit for which ratios were required. Klutz and others believe the results to be "the most comprehensive data base in the nation of how hospitals are staffed."

The regulations were strongly opposed throughout the process by hospitals — represented by the California Healthcare Association — which said the ratios would be unworkable, compromising patient care and forcing closure of hospitals.

CHA has since gone to court to block full enforcement of the ratios, taking particular aim at three key words in the staffing standards: "at all times," which means exactly what it says — that staffing standards will be in effect around the clock. Klutz says such language has been in DHS licensing requirements for intensive care and critical care units for nearly 30 years. "The term is not new," she said. "It's kind of surprising that it comes up at this point." A hearing on the CHA lawsuit is scheduled for March 19 in Sacramento Superior Court.

"Those are three little words with huge impact," says Jan Emerson, CHA vice president for public affairs. "If they take a short break, transport a patient to radiology or take a phone call, the hospital could be out of compliance [with the ratios]. Historically, nurses have always covered for each other. It's not that the patient is unat-

By the numbers

The average nurse in California is 47 years old; 30 % are over age 50.

California ranks 49th in the nation in terms of the number of RNs per capita. California currently has 585 RNs per 100,000 population — compared to the national average of 798 RNs per 100,000, according to the U.S. Bureau of Labor Statistics.

Where they work

Determining the current and future supply of nurses is complex. More than 87% of active RNs are employed full- or part-time in nursing. Of those, approx. 60% are working in hospitals. The remaining 27% are working in a variety of other health care settings — outpatient surgery centers, clinics, home health agencies, physicians' offices, schools and private employers.

Out-of-state

California has traditionally relied heavily on the migration of RNs from other states. Currently, 50% of California's RNs were educated elsewhere. But that number is dropping. The California Board of Registered Nursing (BRN) estimates that in the past 7 years, there has been a 20% decrease in the number of nurses moving to California from other states.

Sources: Board of Registered Nursing

tended — assigned patient load is back within minutes. ... But the way DHS wrote the regs, a 'substitute nurse' always has to be in the wings."

Emerson and other hospital officials say they are doing everything possible to be in compliance with the new ratios, while feverishly attempting to recruit new nurses at a time when many are retiring, working in non-acute-care settings or not actively practicing.

According to the U.S. Bureau of Labor Statistics, California ranks 49th in the nation in the number of RNs per capita. It currently has 585 nurses per 100,000 population.

Intensive efforts by hospitals, nursing groups, public officials and educational institutions to expand nurse-training programs throughout the state (nurses are primarily educated in community colleges and the state university system) have been hit with the double-whammy of state budget cuts and long waiting lists for training programs. According to the California Healthcare Association, the state graduates about 5,000 nursing students a year — but needs nearly twice that number to fill existing vacancies.

"Hospitals are doing everything they can to implement the law," says Emerson. "But with this new [staffing] requirement and the fact that we don't have enough nurses in California, we're between a rock and a hard place."

Kuehl and CNA officials note that many hospitals, including the huge Kaiser-Permanente system, which employs one of the largest number of nurses in California hospitals, are already in compliance with the new ratios.

"That leads me to believe the [hospital association] is raising an issue that is not of concern to all providers," Kuehl said about the flap over the "at all times" requirement. "I think it's a bit of a red herring, that when nurses take a lunch break they'll have to have some kind of coverage. I don't know that DHS is interested in that stringent a level of enforcement."

The ratios, says Kuehl, are about "nurses wanting to take adequate care of their patients. Many of them had gone part time or into the private sector because of the deplorable staffing conditions. There was a tsunami of critically ill patients. Hospitals were thinning staffs. Nurses were burning out. Something had to be done."

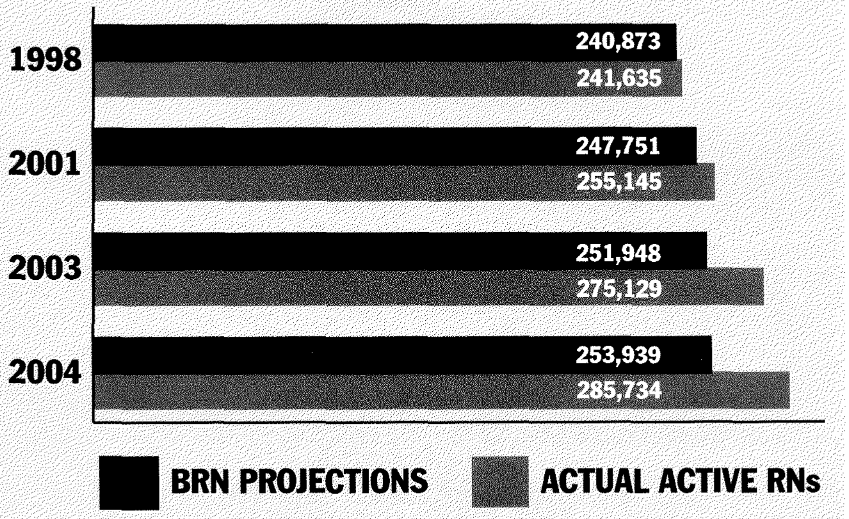
Getting nurses into the system

One of the key issues in nurse-staffing, Kuehl and others say, is retention of nurses, as well as encouraging more people to enter the profession. When nurses were asked in a survey during debate over the bill why they were leaving, Kuehl says, "the No. 1 reason was patient overload. And when they ranked how many patients you can take care of ... each additional patient over four per registered nurse led to almost a 25 percent increase in the odds of burnout."

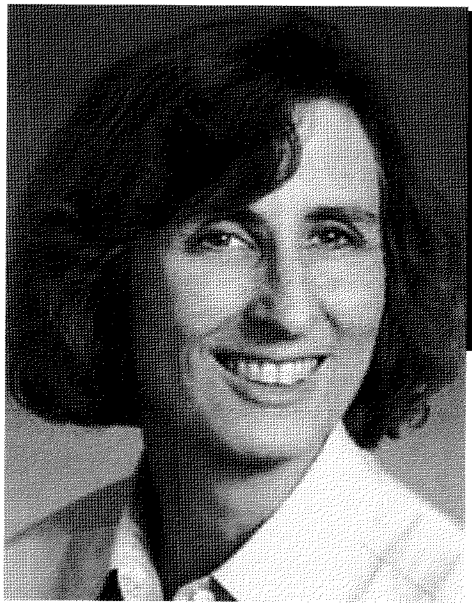
Kuehl is encouraged that the new regulations may help reverse that trend, citing a recent conversation with a nurse who hadn't been working because it was "so awful" but who had gone back to nursing since ratios were

Growth in California's RN Workforce

In 1997, the last time the Board of Registered Nursing (BRN) conducted a statewide survey of RNs, it projected a small annual increase of only 2,000 RNs per year. But the numbers have been growing by about 10,000 per year, even after subtracting those leaving the profession. Overall California today has nearly 32,000 more actively licensed RNs than the BRN estimated the state would have at this date. Specifically, the BRN projected that based on trends in the mid-1990s, the number of actively licensed RNs in California entering 2004 would be 253,939. As of December 30, 2003, California had 285,734 actively licensed RNs, according to the Board of Registered Nursing.



Growth of the active licensed RN workforce vs. BRN projections prior to enactment of the RN Staffing Ratio Law in 1999.
Graph compiled by California Nurses Association.



Beth Capell, healthcare lobbyist

> **"Trying to explain [the history] is roughly like trying to explain the Civil War. [After] a decade's worth of differences, it all sort of blurs together."**
>
> **— Beth Capell**

implemented because "now the halls were quiet, which means nurses were spending time with their patients. There was not the same level of impossible urgency."

In a compliance survey of 111 hospitals — nearly one-third of all California hospitals — by the nurses association in early February 2004, one month after the ratios went into effect, CNA reported that "staffing conditions are improved" in 68 percent of the hospitals surveyed, and 59 percent were "generally in compliance." In addition to Kaiser, CNA noted that the University of California medical centers are also in compliance.

"While some significant problems remain," said CNA President Deborah Burger, a Kaiser nurse-manager in Santa Rosa, "the progress made to date is very encouraging, and a hopeful sign." Among "problems" reported by CNA, some hospitals reportedly had "inappropriate" use of licensed vocational nurses, who are included in the complex regulatory scheme but must be supervised by a registered nurse.

LVNs are represented by a rival union, the Service Employees International Union (SEIU), which historically — and during the ratio debate — has been at odds with CNA, which represents only registered nurses, about 55,000 of the more than 280,000 RNs in California. SEIU represents some 30,000 RNs, as well as a whole range of health care workers, from medical interns and residents to nurses' aides and housekeeping staff. CNA and SEIU managed to patch up their differences to ensure passage — and implementation — of the ratios, but tensions remain.

While acknowledging historic tensions, neither union will speak ill — at least publicly — of the other where the ratios are concerned. "Trying to explain [the history] is roughly like trying to explain the Civil War," said Beth Capell, a longtime health care lobbyist who represents SEIU. Citing "a decade's worth of differences," she said in retrospect, "it all sort of blurs together; there is no 'Gettysburg moment.' ... I am personally and organizationally very happy to be working together in a cooperative way."

Her views are echoed by Donna Gerber, CNA government relations director. "Fundamentally, we agree on the policy," she said.

Noting that new RN licenses are "up significantly" in California in recent years, Capell and others said a major impact of the ratios is an expected increase in the number of nurses coming into the educational pipeline, as well as those entering — or returning — to California from other states and other countries. "We hope the ratios will help recruit more nurses by improving working conditions," Capell said. "The publicity around all this will make people think this is a profession worth considering."

Anita Zuniga, a registered nurse who is executive director of patient

Unexpected incidents

Inadequate staffing precipitated one-fourth of all unexpected occurences that led to patient deaths, injuries, or permanent loss of function — as reported to JCAHO, the Joint Commission on Accreditation of Hospital Organizations, 1998-2000.

Medical errors

Nurses intercept 86% of all medication errors made by physicians, pharmacists, and others prior to providing those medications to patients, according to the Journal of the American Medical Association.

Patient outcomes

Insufficient hospital nurse staffing is associated with higher rates of urinary tract infections, post-operative infections, pneumonia, pressure ulcers and increased lengths of stay, while better nurse staffing is linked to improved patient outcomes, according to the Agency for Healthcare Research and Quality.

Source: California Nurses Association Web site

Deborah Burger, California Nurses Association

"While some significant problems remain, the progress made to date is very encouraging, and a hopeful sign." — Deborah Burger

care services for Kaiser in Northern California, says the new staffing ratios are "operationally a challenge," but Kaiser is complying. While Kaiser has been the target of intensive labor actions, including major strikes by nurses in past years, the health care giant is widely praised for improving working conditions for nurses as well as encouraging lower-level staff to advance educationally up the nursing ladder with a system of scholarships, forgivable loans and grants.

"Education is a key benefit," she said of nurse recruitment and retention at Kaiser, which last year spent $3.6 million statewide to support nursing education programs. "We will train housekeeping staff to become nursing assistants, LVNs to become RNs, RNs without a bachelor's degree to get that degree."

Meanwhile, some worry about hospital closures due to increased costs associated with new staffing ratios. Thus far, tiny Santa Teresita Hospital in Duarte is the only hospital to announce that it would close its acute-care unit because of the new nursing ratios. It is run by Carmelite nuns primarily as a nursing home (177 of its 216 beds, according to DHS), with a small acute-care wing. "Santa Teresita was very marginal," said DHS' Klutz. "Their operating margin for the last six years has been very, very fragile."

Former Assemblywoman Helen Thomson (D-Davis) was the only registered nurse in the state Legislature when the Kuehl bill was being debated in 1999. Now a Yolo County supervisor, she is a former psychiatric nurse, married to a psychiatrist, whose daughter is a nurse. She was initially "ambivalent" about the bill.

"Sheila Kuehl and I had many, many conversations about it," Thomson recalls. "I could see what a challenge this would be for the hospitals. It wasn't that [hospitals] didn't believe it should be done, but they were concerned about finding the nurses and possibly being liable for fines. Patients today are very sick; you don't get into a hospital today if you aren't very sick."

In the end, she voted for the bill.

"While I recognize the challenges involved in getting to this point, I also recognize that nurses are hard to come by."

Perhaps the new staffing ratios will ease that problem. Perhaps more nurses — like Maureen Barry in Orange County — will remain in nursing despite the challenges. While admitting she thrives on nursing's frantic pace, Barry also expressed concern for the safety of her patients. "Yes, I am an adrenaline junkie," she said. "However, too much adrenaline can be dangerous."

Sigrid Bathen is an award-winning health care writer and a former California Journal *senior editor. She is an adjunct professor of journalism at California State University, Sacramento, and currently serves as media director for the state Fair Political Practices Commission. Send comments to* **comments@californiajournal.com**

Patient safety

The Institute of Medicine of the National Academies in Washington, D.C., reports that RNs, LVNS and nursing assistants constitute 54% of all health care providers nationwide. As the "health professionals who interact most frequently with patients in all settings, their actions…are directly related to better patient outcomes. ... Better nursing staff levels result in safer patient care."

Health complications

A New England Journal of Medicine study documented that improved RN-to-patient ratios reduce rates of pneumonia, urinary infections, shock, cardiac arrest, gastrointestinal bleeding, and other adverse outcomes.

Death rates

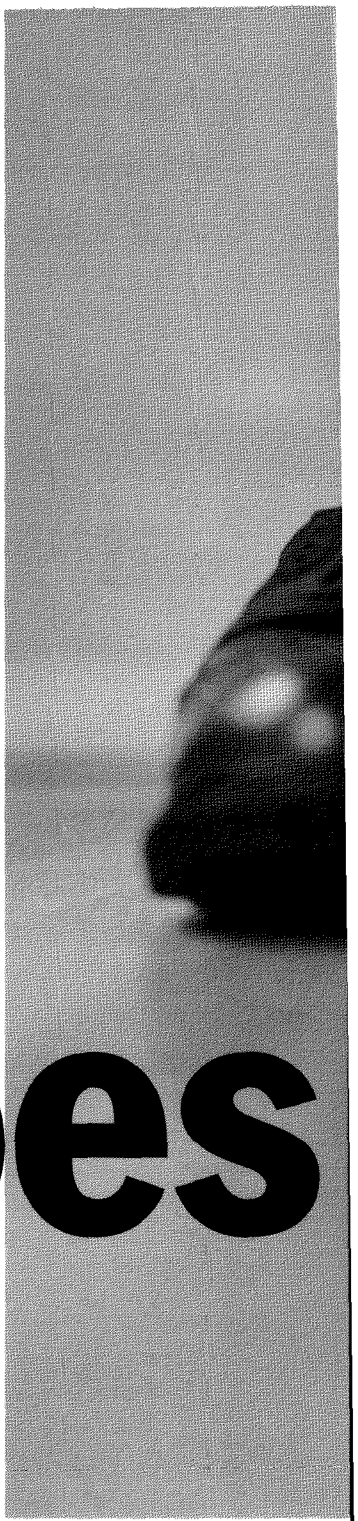
Research in the Journal of the American Medical Association found that up to 20,000 patient deaths each year can be prevented. For each additional patient assigned to an RN, the likelihood of death within 30 days increased by 7%. Four additional patients increased the risk of death by 31%.

Source: California Nurses Association Web site

Big shoes

Termed out at the end of 2004, Senate leader John Burton is perhaps the Capitol's most legendary lawmaker — so well regarded by his Democratic colleagues that when he decided to keep his post until after the November election, no one blinked. Until then, the three-way fistfight to replace him will have to wait.

By John Howard

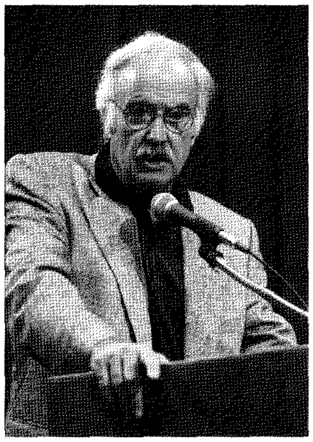


When he was anointed the Senate's *jefe maximo* in February 1998, the mercurial, blustery John Burton was known more for his Goodwill Industries wardrobe — jeans, polo shirts, *huaraches,* ill-knotted ties, rumpled sport coats — and his long love affair with cocaine and alcohol than for his political acumen or legislative accomplishment.

In truth, the public persona and the private politician diverged sharply: Despite appearances, the liberal San Francisco leader proved a durable, deft and driven deal maker well able to navigate the Senate's perilous reefs.

"He understands the five-layer chess game," says Senator Joe Dunn (D-Santa Ana).

After a tumultuous political odyssey that includes 14 years in the Assembly, a 1974-82 stint in Congress, a decade in the state Senate, a two-year gig as head of the California Democratic Party and nearly a quarter-century of drug-free sobriety, Burton is stepping down this year, the latest casualty of voter-approved term limits.



Who will fill his shoes? More importantly, who *can* fill his shoes? (Hush Puppies, size 10).

Burton's eventual successor as Senate President pro Tempore is likely to be one of three Democratic colleagues — Martha Escutia of Norwalk, Sheila Kuehl of Santa Monica or Don Perata of Oakland. And while there is buzz aplenty, nobody is openly challenging him. That's partly because Burton asked them to hold off, partly because nobody in the 25-member caucus has enough votes anyway and partly because the wily Burton knows how to spank defectors and reward loyalists.

"For the Democrats, it was a risk-benefit analysis. The longer he stays around, the longer they can take advantage of his institutional memory and personal forcefulness. Nobody pushes this guy around, and if you're in a tangle with the 'Terminator,' you

to fill

need some muscle," said political scientist Jack Pitney of Claremont McKenna College. "If I were a Democratic senator, I'd crank these things into the equation."

Lanky, cranky and profane, the 71-year-old lawyer, former bartender, student activist at San Francisco State (Willie Brown, a good friend, was a year behind him) and all-league basketball player rose to become the most powerful state politician after the governor.

Burton likes the job. He privately told fellow Senate Democrats that he plans to stay on until the November 2004 elections, and they agreed. That means his successor as Senate President will be chosen in mid-November — barely six weeks before Burton leaves the Senate.

Typically, a new leader is chosen earlier. But this is not a typical year.

In the Assembly, newly minted Speaker Fabian Nunez (D-Los Angeles) was sworn in on February 9. Burton himself took over from Democrat Bill Lockyer nine months before the November 1998 election. In both cases, the outgoing leader was scheduled to depart.

"With every passing month, the sitting pro tem, no matter what his obvious strengths are, becomes more and

CONGRESSMAN
JOHN BURTON

Left: John Burton early in his political career. Right: John Burton, the former congressman. Photos: *California Journal* archives

more of a lame duck," said Los Angeles attorney David Roberti, who served a record 14 years as pro tem during the 1980s and '90s. "If Democrats are going to linger with anybody, linger with Burton. But no matter who you are, your power gradually begins to erode as people know you're leaving."

In the end, Senate Democrats believe Burton is the best among them to deal with Schwarzenegger and rival Republicans on budget and social issues, and with Democrats on any issue.

The three main contenders for his job:

- Kuehl, 63, a civil rights attorney and the first openly gay or lesbian person to be elected to the Legislature, spent six years in the Assembly before coming to the Senate in 2000. She heads the Natural Resources Committee and has been a legislative star for years.
- Escutia, 47, the chairwoman of the Senate Judiciary Committee, is an early front-runner. She put together eight votes, all from Latino caucus lawmakers, but most Democrats hung back, heeding Burton.
- Perata, 58, the Senate's majority leader and elections committee chairman, is a former Assembly member who came to the Senate in 1998. Some Capitol handicappers see Perata as Burton's likely successor, and Perata privately has sought Burton's blessing.

"I just sat down with him [Burton] and said I'd like his permission to come out of the closet, as it were, and he said, 'Jeez, I'm shocked,' and I said I was just confirming I would be interested at the appropriate time," Perata said.

Perata, however, has political baggage: He faces a Senate ethics probe for accepting $100,000 annually in consulting fees from a college friend whose company received payments from a political fund financed by California corporations, possibly in violation of campaign finance or ethics laws. The allegations were first reported in the *San Francisco Chronicle.*

A peculiar landscape

As Senate Democrats ponder a post-Burton future in the Era of Schwarzenegger, the landscape appears uncertain. Democrats in the 40-member house are solidly in control, 25-15, but five of them, including Burton, are leaving. All are likely to be replaced by fellow Democrats, although a sixth, Senator Mike Machado (D-Stockton), faces a tough fight in the 5th District.

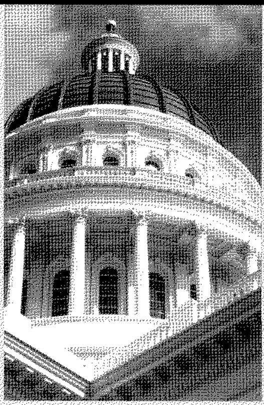
But even if the numerical balance remains unchanged, the mix will be different — very different.

Gone will be the Senate's most vehement partisan for

JOHN BURTON — A POLITICAL TIMELINE

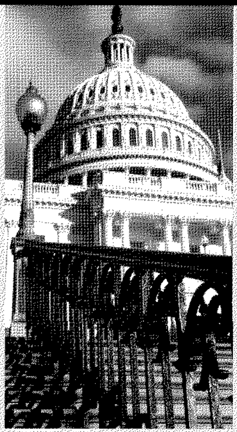
1964

Elected to the state Assembly, served five terms. Only state lawmaker to have successfully led an override of a Gov. Ronald Reagan veto, a bill that kept open mental hospitals.



1974

Elected to U.S. House of Representatives, served four terms.



1981-82

Declines to seek re-election to the House, begins drug rehabilitation program in Arizona and drops from political sight for five years. Stops drinking alcohol and publicly acknowledges he has a problem.

social services for the poor, the Senate's angriest voice against tax breaks for businesses and the wealthy, its loudest voice for protections for injured workers, its fiercest pro-labor advocate and its disciplinarian. Two landmark accomplishments — an employer-financed expansion of health care for 1.1 million workers and a curb on greenhouse gas emissions from vehicles — were pushed through the Legislature by dint of his personality. Both immediately came under attack from powerful special interests and one — SB2, the health care bill that Burton considers his life's legacy — faces a November ballot referendum to rescind it.

"He has been willing to use his power for good or bad, shoving things through. Anybody else coming up will not have that authority over the caucus," said Senator Deirdre "Dede" Alpert (D-San Diego), head of the Senate Appropriations Committee and an admirer of Burton.

In fact, Burton has pushed, cajoled and wheedled the caucus to the left — no mean feat in an era of "business-friendly Democrats," lobbyists and lawmakers say. His legerdemain may be genetic: His late brother, Congressman Phil Burton, was a Democratic magician who crafted California political districts to protect Democrats, including an artful congressional seat he drew for John that was contiguous by land only at low tide in San Francisco Bay. It was known as the "one if by land, two if by sea" seat. John, at the nadir of his drug dependency, left Congress and never ran in the district, leaving the door open for his former aide, Barbara Boxer, to succeed him in the House. After drug therapy, Burton got back into politics in the late 1980s with the encouragement of then-Assembly Speaker Willie Brown.

In a post-Burton Senate, the Democratic caucus is likely to move to the center, at least under Perata. For those who seek expanded health benefits for the poor and limits tax breaks for corporations and the wealthy, this may be bad news. For others, it will be welcome relief from a leftward tilt.

"Burton has staunchly held the line against loopholes and tax games, like not restoring the manufacturers' investment credit when it expired. He's been resisting every tax cut or loophole that came along. Burton has been able to do that, but whoever replaces him will have enormous pressure for tax breaks," said Lenny Goldberg of the California Tax Reform Association.

But even Burton's critics don't expect too much change under his successors.

Burton's willingness to boost income and business taxes to balance the state budget is anathema to business groups such as the California Chamber of Commerce and the California Taxpayers Association, as are his pro-labor stances. Moreover, tax opponents got a cold shoulder from Burton on tax breaks for manufacturers and their opposition to the so-called "split roll," in which residential and commercial property are taxed at different rates.

"His door was always closed on the 'split roll,'" said Ron Roach, a spokesman for the California Taxpayers Association. "So I'm not sure if there will be much difference [after Burton]. There still will be an uphill battle for business taxpayers in the Senate. I see Perata as pretty much a Burton clone with less bluster."

On key issues — health, the environment, social services — the post-Burton era is unlikely to be dramatically different, although the personality of the Senate probably will change after the highly vocal Burton leaves.

"Those are core values of the Democratic caucus, and I don't think there is going to be much change there. The change perhaps might be more subtle, in tone," said Escutia, who is carrying the split-roll legislation opposed by the taxpayers' association.

Perata agreed. "In terms of our voting records, you could probably spend 10 seconds on the difference."

Escutia and Kuehl are close to Burton ideologically. It was Kuehl who authored universal health care legislation that was far more sweeping than Burton's bill, while Escutia is the former chairwoman of the Senate Health Committee.

An exodus of experience

Burton's exit will be accompanied by the departures of some of the Senate's most experienced Democrats.

There's Alpert, low-key and effective, described universally by Democrats as one of the most influential members of the Senate. There's Byron Sher, a Stanford University law

1988

Encouraged by then-Speaker Willie Brown, a friend since 1951 at San Francisco State, Burton runs for his old Assembly seat in a special election and wins. Later, lampooning conservative Republicans, he introduces legislation making poverty a crime.

1996

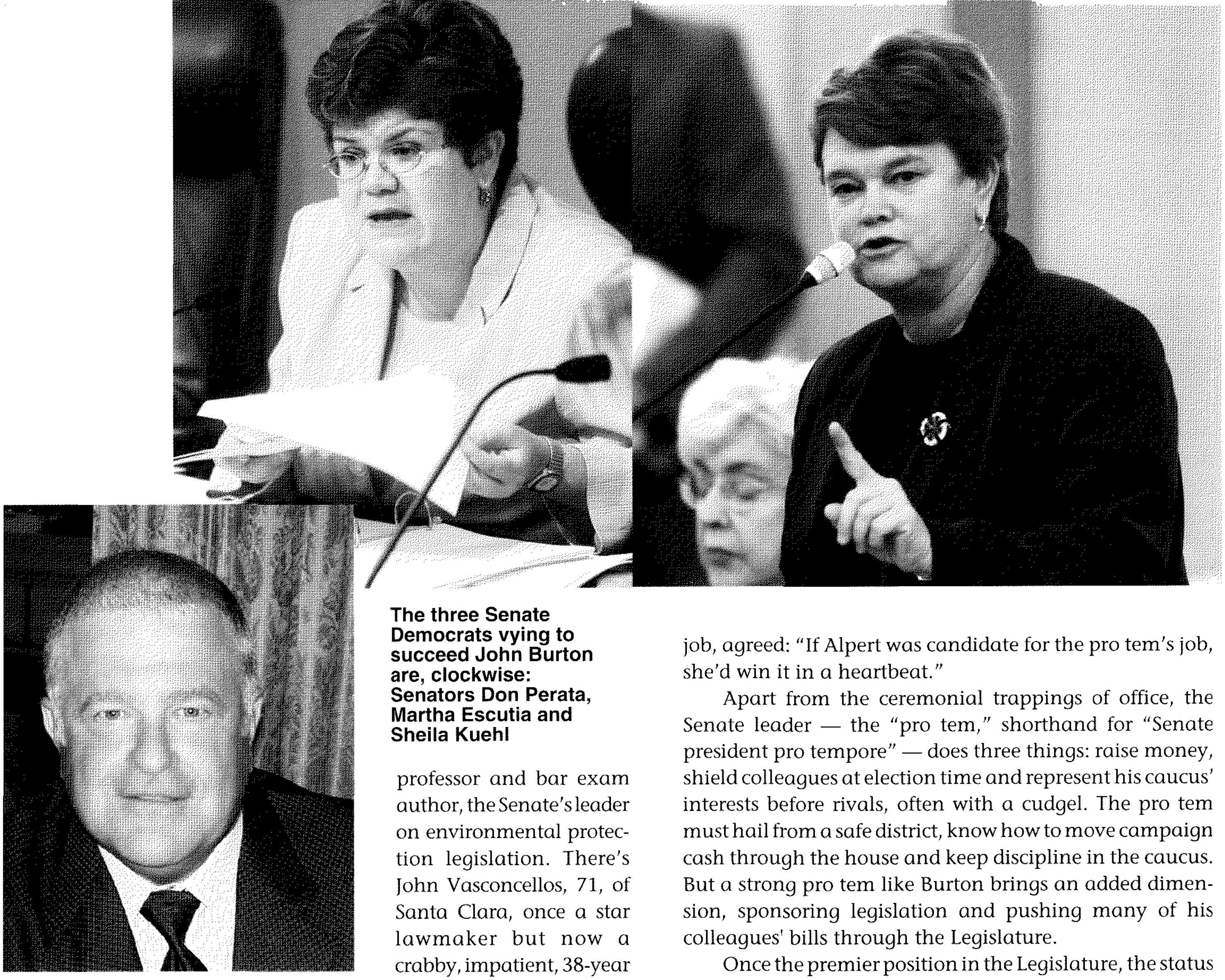
Elected to the state Senate.

1998

Elected Senate leader to replace Sen. Bill Lockyer, who runs for attorney general. Burton defeats Patrick Johnston of Stockton in a 17-5 closed-door vote.

1998-2004

Authors major legislation to expand health care. Considers running for mayor of San Francisco. Raises campaign cash for Democratic colleagues. Backs legislation to boost environmental protections, workers' safety. Rails against budget cuts for aged, blind and disabled.



The three Senate Democrats vying to succeed John Burton are, clockwise: Senators Don Perata, Martha Escutia and Sheila Kuehl

professor and bar exam author, the Senate's leader on environmental protection legislation. There's John Vasconcellos, 71, of Santa Clara, once a star lawmaker but now a crabby, impatient, 38-year veteran of the Legislature. Also termed out is Democrat Betty Karnette of Long Beach.

The Republican side of the Senate also is losing some big-league hitters. Republican Leader Jim Brulte of Rancho Cucamonga, one the Legislature's major players and a key political lieutenant of President George W. Bush in California, is departing. His political future is the topic of intense speculation in the Capitol. Brulte's successor is likely to be Dick Ackerman (R-Irvine), currently the Budget Committee vice chairman. The GOP leadership is expected to make its change by mid-year.

Gone, too, will be Republicans Ross Johnson of Irvine, Bruce McPherson of Santa Cruz and Pete Knight of Lancaster. Johnson, first elected to the Assembly in 1978, is a former Senate minority leader and one of Burton's closest friends in the Legislature.

Of the Senate's 10 departing members, only one — Republican Rico Oller of Loomis — is leaving voluntarily, to run for Congress. The others were forced out by the term limits approved by voters in 1990.

"I think the loss of Vasconcellos and Sher and Burton leaves open questions about where the caucus is going as much as who the leader is. And the loss of Alpert is huge, huge," Goldberg said. One senator not seeking the pro tem job, agreed: "If Alpert was candidate for the pro tem's job, she'd win it in a heartbeat."

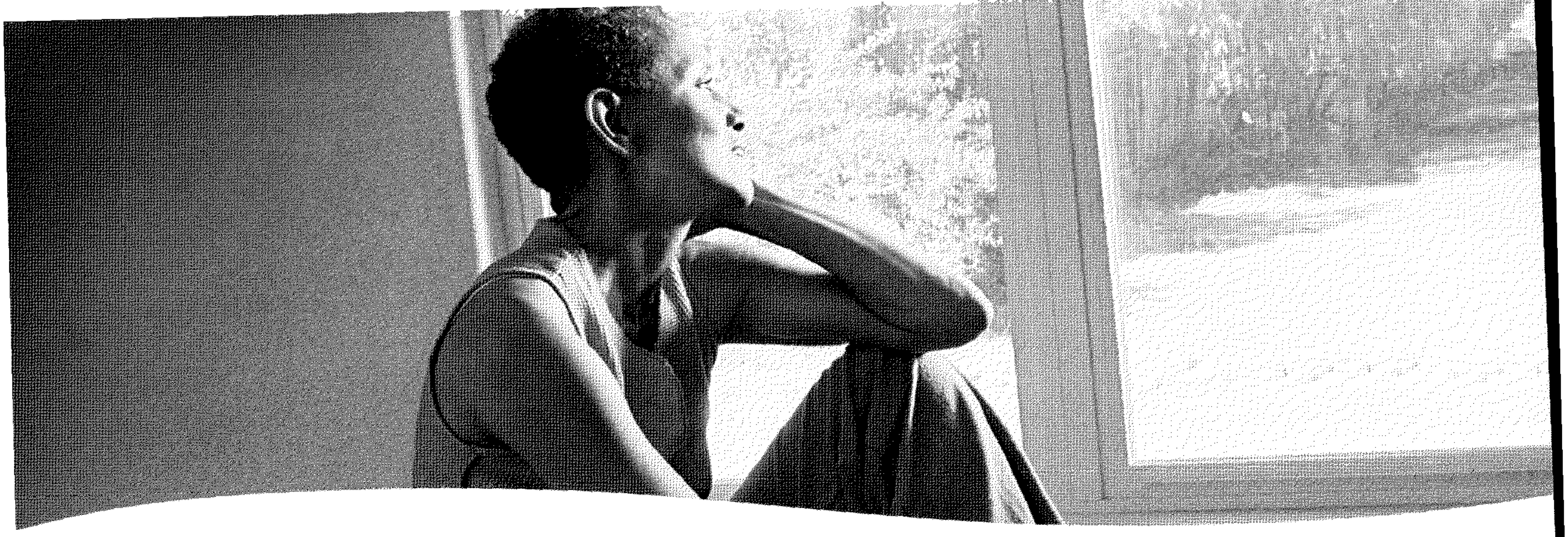
Apart from the ceremonial trappings of office, the Senate leader — the "pro tem," shorthand for "Senate president pro tempore" — does three things: raise money, shield colleagues at election time and represent his caucus' interests before rivals, often with a cudgel. The pro tem must hail from a safe district, know how to move campaign cash through the house and keep discipline in the caucus. But a strong pro tem like Burton brings an added dimension, sponsoring legislation and pushing many of his colleagues' bills through the Legislature.

Once the premier position in the Legislature, the status of the Senate leader was eclipsed during the imperious Assembly speakerships of Jesse Unruh and, later, of Willie Brown. But term limits — six years in the Assembly, eight in the Senate — altered that calculus, weakening the Assembly speaker while strengthening the pro tem. Political neophytes have filled the Assembly speakership for nearly a decade — eight different speakers in the nine years since Brown departed. The latest speaker, Fabian Nunez, is a rookie midway through his first term.

On the Senate side, where many lawmakers served earlier in the Assembly, there is far less turmoil. In 24 years, there have been only three pro tems — Roberti, Lockyer and Burton. Roberti served 14 years, longer than any other pro tem, including the legendary Hugh Burns, the maverick Democrat who served from 1957 to 1969.

Even with term limits, the level of experience and institutional knowledge in the Senate remains high. But with the impending departure of the savvy, gray-haired, rumpled and mustachioed Burton — who knows where the Capitol's bodies are buried because he put some there himself — an era is coming to a close.

John Howard is senior editor of California Journal. *Comments may be sent to* **comments@californiajournal.com**



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ARE DEMOCRATS G

Last fall's recall election produced the California Democrats' worst nightmare — a highly popular, moderate Republican governor who also happens to be a charismatic, international celebrity. Is the Democratic Party losing its standing as the state's dominant political party?

By Sherry Bebitch Jeffe

California's Democrats may be feeling a certain empathy with American humorist Mark Twain. In response to a published obituary, Twain cabled The Associated Press from London: "The reports of my death are greatly exaggerated."

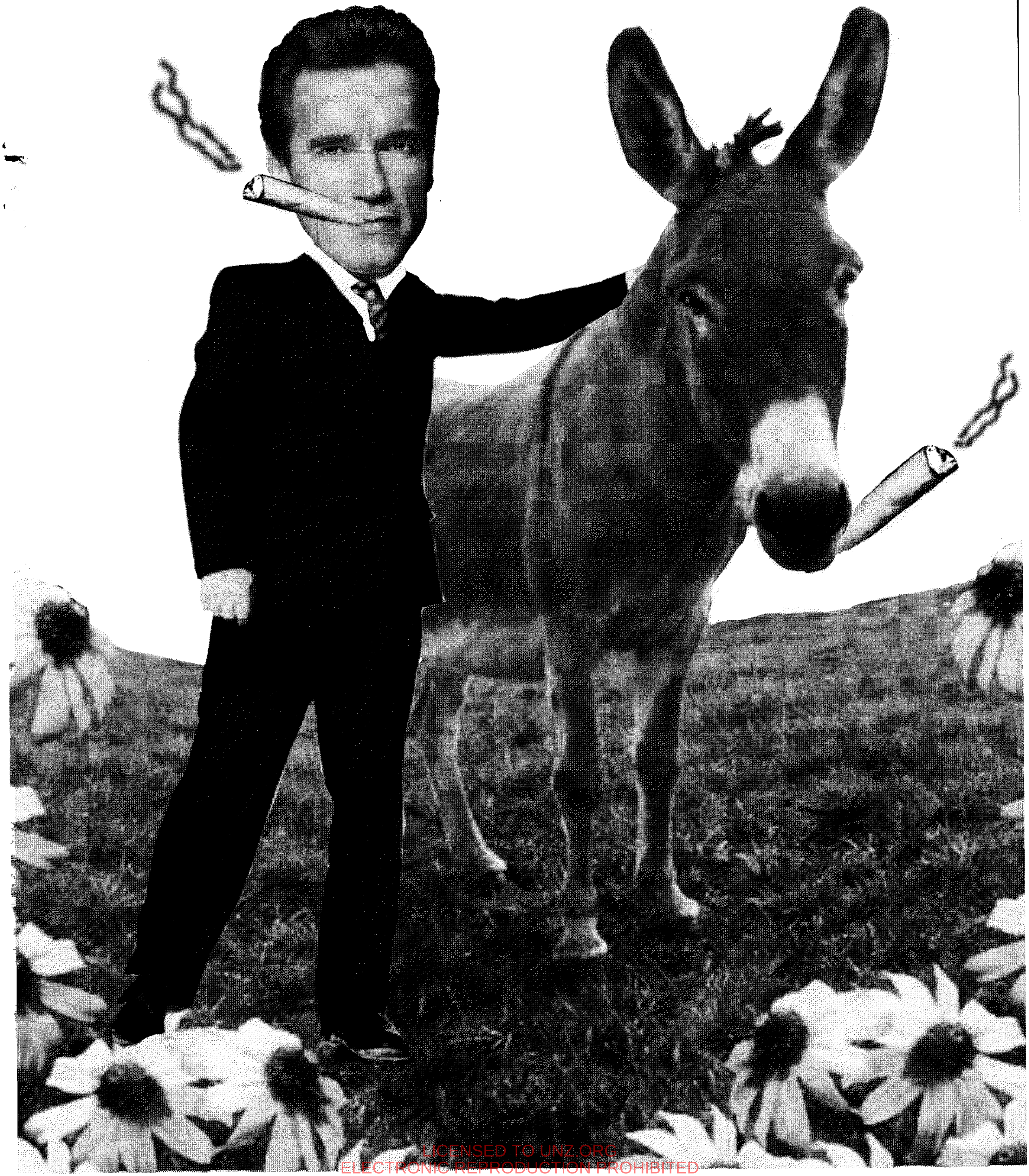
On the heels of the recall of former Governor Gray Davis, a Democrat, and the election of Republican Arnold Schwarzenegger to replace him, reams have been written about the reversal of fortune of the state's Democratic Party. Is all that an exaggeration, too? Where *do* California Democrats stand in the wake of the recall?

In a joint appearance last January, Duf Sundheim, the chair of California's Republican Party, and Art Torres, who chairs the state's Democratic Party, agreed that the health of a political party depends on its relevance, ability to communicate and leadership.

The Democratic Party has lost the powerful office of governor; it no longer controls both the executive and legislative branches of the state government. And the chief executive's spot fell to the Democrats' worst nightmare — a highly popular, moderate Republican.

Many in both major parties acknowledge that the GOP is out of step with "California's libertarian philosophy," as Democratic strategist Bill Carrick labels it. But Schwarzenegger could be positioned to change that. His moderate stance on issues such as reproductive choice and the environment resonate with the state's general electorate and its all-important swing voters. In addition, the new governor is a star-caliber fund-raiser.

OING UP IN SMOKE?



> **“Davis brought himself down. But the question is how**
> **the Democratic Party down with him.**
> **but if they’re not careful, the Democrats could**

The state’s new campaign financing laws give Republicans an edge over the Democratic Party, which has relied disproportionately on large contributions to counter the GOP’s wide-ranging fund-raising prowess. Said Torres, “The Republican Party is ‘star wars’ ahead of Democrats in terms of small contributions ... we’re not *used* to collecting contributions like them. That’s why Republicans are going to have the advantage.”

Nonetheless, Democrats still hold the state’s two U.S. Senate seats and the majority in its congressional delegation; they control both state legislative houses and hold seven of the eight statewide constitutional offices. Polls show the party to be closer to the California general electorate on major issues than are Republicans. The Democratic Party remains a political powerhouse.

However, contradictory data and conflicting trends unsettle some Democrats, who remain unsure of the political dynamics of life after recall.

The recall passed by a 10 point margin — 55 percent “yes” to 45 percent “no.” And Schwarzenegger won the replacement election with 48.6 percent of the vote, compared to 31.5 percent for Lieutenant Governor Cruz Bustamante, the major Democratic contender. More ominous for Democrats, insist Republicans, is that the two major GOP candidates, Schwarzenegger and conservative state Senator Tom McClintock (R-Thousand Oaks), together garnered 62 percent of the total vote.

To defeat the recall, Davis counted heavily on two overlapping Democratic constituencies — Latinos and labor unions — to save his administration. *Neither* came through with the necessary numbers. The *Los Angeles Times* exit poll showed that 55 percent of Latinos statewide voted against the recall—nowhere near the 65 percent who supported Davis’ election in 2002. Lamented Torres, “Latinos are becoming apathetic.”

But what the lopsided victories of the recall and Schwarzenegger indicate is evidence of a polarization of California’s electorate, rather than of a permanent shift in party support. For example, exit polls show 89 percent of Republicans supported the recall; 75 percent of Democrats did not; 76 percent of Republicans supported Schwarzenegger, 61 percent of Democrats did not.

According to the *Times* exit poll, 73 percent of self-declared liberals voted “no” on recall, while 85 percent of conservatives voted “yes.” Sixty percent of whites supported the recall; 55 percent of Latinos and 79 percent of blacks voted “no.”

In the end, the recall election, like most statewide elections, was decided in the political center. According to the *Times*, 52 percent of independent voters supported recalling Davis and nearly half lined up behind Schwarzenegger. Torres admits that the Democrats must “reach out to independent voters,” who “tend to be fiscally conservative and socially libertarian.”

According to figures from the Secretary of State’s Office and supplementary data compiled by the Assembly Republican Caucus, in 2000 — just prior to redistricting — Democratic registration was 45.42 percent, GOP 34.92 percent, and decline-to-state (DTS) 14.36 percent. By January 2004 Democratic registration declined over 2 percent (to 43.12 percent). That, according to GOP political analyst Tony Quinn, put Democratic registration at “the lowest point since the 1930s.” From 2000 to 2004, Republican registration increased almost 1 percent (to 35.66 percent) and decline-to-state voters increased nearly 2 points (to 16.28 percent).

Quinn points out that “Democratic registration has continued to collapse in the interior part of the state,” particularly in the Central Valley and the Inland Empire. At the same time, GOP registration has declined in the traditional Democrat bastions of the San Francisco Bay area and the urban core of Los Angeles. But, Quinn argues, it is *outside* these Democratic strongholds where “new voters are moving in” and where swing voters are becoming highly influential. In these swing areas, said Quinn, “significant Republican registration increases will make it harder for Democrats to hold the Central Valley.”

Quinn points to the 30th Assembly District, which Democrat Nicole Parra narrowly won in 2002, as a Central Valley seat ripe for GOP picking “just on demographic changes.” If demography is destiny, population movement and registration shifts hearten Republicans and discomfit the Democrats.

On the other hand, Democratic strategist Bill Carrick is among those who argue that "demographic trends continue to favor the Democrats;" noting the continuing increase in the state's Latino population. However, some studies indicate a trend among new Latino voters toward registering decline-to-state. This suggests that Latinos could become a part of that swing electorate coveted by both parties.

But, Carrick says, "As the national Republican Party continues to be dominated by Southern conservatives," they will "continue to push" the GOP to the right. That will have implications for the GOP's ability to reclaim California.

"The core of party identification," Carrick says, "is the definition of the two *national* parties ... Only if they begin to change the national party" can the Republicans have relevance in California. Quinn observed, "If Republicans can separate legislative races from the presidential race, they have the opportunity" to pick up Democratic seats.

Regardless, at least for a while, California Democrats will continue to be cushioned by the Legislature's 2001 "status quo" redistricting.

The state's rejection of its Democratic governor, as well as its embrace of Republican Schwarzenegger as a replacement, highlights the political importance of the ability to communicate. According to the *Los Angeles Times* exit poll, "both Democrats and Republicans who voted for the recall cited as their top reason their perception that Davis had mismanaged the state. They also criticized the way he handled the state's energy crisis and financial problems." Clearly, Davis never made his case; he could not adequately explain his moves or change voters' perceptions of them.

Democratic pollster Ted Nordhaus wrote, "Democrats lost the recall because they failed to articulate — while governing and while campaigning — their central political belief that government is a social good, that investments in schools, infrastructure, health care, and social services are worth making, and that everyone should pay their fair share."

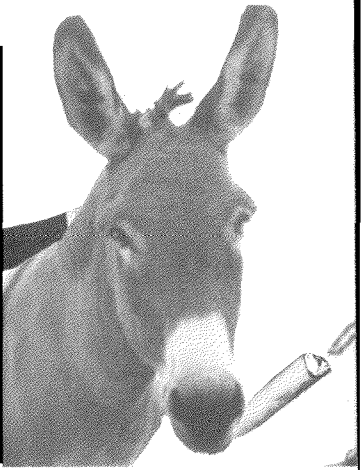
Communications skills help define effective leadership in this media-driven state. And that may be the California Democratic Party's greatest challenge. In Schwarzenegger, California Republicans have found a strong leader. Sundheim predicted that the new governor would become "the most potent political figure on the national stage over the next six years."

Schwarzenegger's style and its

far he's brought

[The recall] was a very personal loss,

turn it into a party loss."



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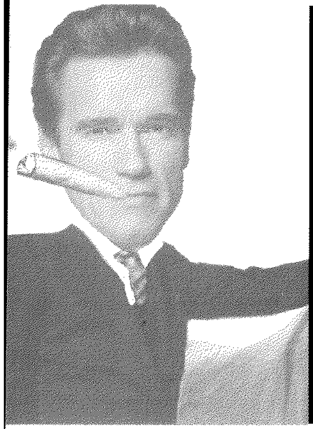
vivid contrast to Davis' passivity helped seal the former governor's fate. However, the reality is that Democratic leadership in California has, for a long time, largely come from the Legislature, both in terms of agenda setting and political organization. Since the advent of term limits, however, it has been difficult to nurture strong leadership among lawmakers. That has left California's Democrats without clear direction.



Contradictory data and conflicting trends unsettle some Democrats, who remain unsure of the political dynamics of life after recall.

One reason Assembly Democrats chose freshman legislator Fabian Nunez as speaker over more senior lawmakers was their desire to restore stability to the chamber (see page 44). Nunez, the sixth Assembly speaker elected in the past eight years, could hold the speakership for five years. He is already being touted as one of the Democrats' rising stars; he's been described as "savvy," "a smart guy," someone who "understands the institution" and the state's changing demographics.

In the short term, Nunez's speakership will be judged in terms of his response to the voters' demand for bipartisan cooperation. Some Republicans, however, are already expressing concern that Nunez's liberal background will prove him more combative than out-going Speaker Herb Wesson (D-Los Angeles).

Gavin Newsom, who won a close race for mayor of San Francisco last December, is already positioned in the front ranks of rising Democratic leaders because he's at the helm of a major party stronghold. Newsom also "has charisma" and, as Al From of the centrist Democratic Leadership Council put it, "By San Francisco terms, he's a moderate Democrat." But Newsom's leadership skills are still to be tested in a city with substantial urban problems.

One name that keeps popping up among Democratic activists is that of film director Rob Reiner.

According to *UC Berkeley News*, when asked if he might run for governor in 2006, Reiner told a group of students "that he had considered doing so before the recall ... Now, he says he feels that 'We have to give [Schwarzenegger] a chance to see how he does in the next year or so ... It's still open.'"

Of the several constitutional officers eyeing the 2006 Democratic gubernatorial nomination, none has been able to lay claim to party leadership. One Democratic insider handicapped state Treasurer Phil Angelides as the "hard-core partisan." But, with voters endorsing a bipartisan approach to solving the state's problems, it could prove tricky for Angelides to lead his party from his position as the "anti-Arnold."

Bustamante, trounced by Schwarzenegger in the recall replacement election, "has a big hole to dig out of," said this Democrat. Indeed, many party activists believe Bustamante's stunningly poor performance in the recall forfeits his place in the 2006 race.

And Attorney General Bill Lockyer, said the Democratic insider, is still "trying to recover" from the fallout over his vote for Schwarzenegger and his early dismissal of allegations concerning Schwarzenegger's actions toward women as "frat boy behavior."

State Controller Steve Westly has chosen to hitch his Democratic wagon to Republican Schwarzenegger's star, by joining the governor's campaign for Props. 57 and 58. But that has left Westly sending mixed messages to Democrats.

Legendary U.S. House Speaker Sam Rayburn counseled, "To get along, you've got to go along." Getting along with Governor Schwarzenegger is one way for the Democrats to navigate today's choppy political waters. So far, Schwarzenegger's approval ratings remain strong. On the other hand, polls indicate that voters are more likely to blame the Democratic-controlled Legislature for policy failures; last year, the Legislature's approval rating was even lower than the recalled Davis. Legislators have much to risk by appearing to be obstructionist.

A Democrat who has long followed Davis' political career observed, "Davis brought himself down. But the question is how far he's brought the Democratic Party down with him. [The recall] was a very personal loss, but if they're not careful, the Democrats could turn it into a party loss."

Contributing Editor Sherry Bebitch Jeffe is a senior scholar at USC's School of Public Policy, Planning & Development. Comments may be sent to **comments@californiajournal.com**

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>
> *Anonymous, San Diego*

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RIDING HERD ON

If Arnold Schwarzenegger has done anything for the California Republican Party, he has infused it with a new optimism. He also seems to have pumped it full of pragmatism, as Republicans seem more willing to set aside their differences on social issues in order to nominate candidates who can win elections.

By Lou Cannon

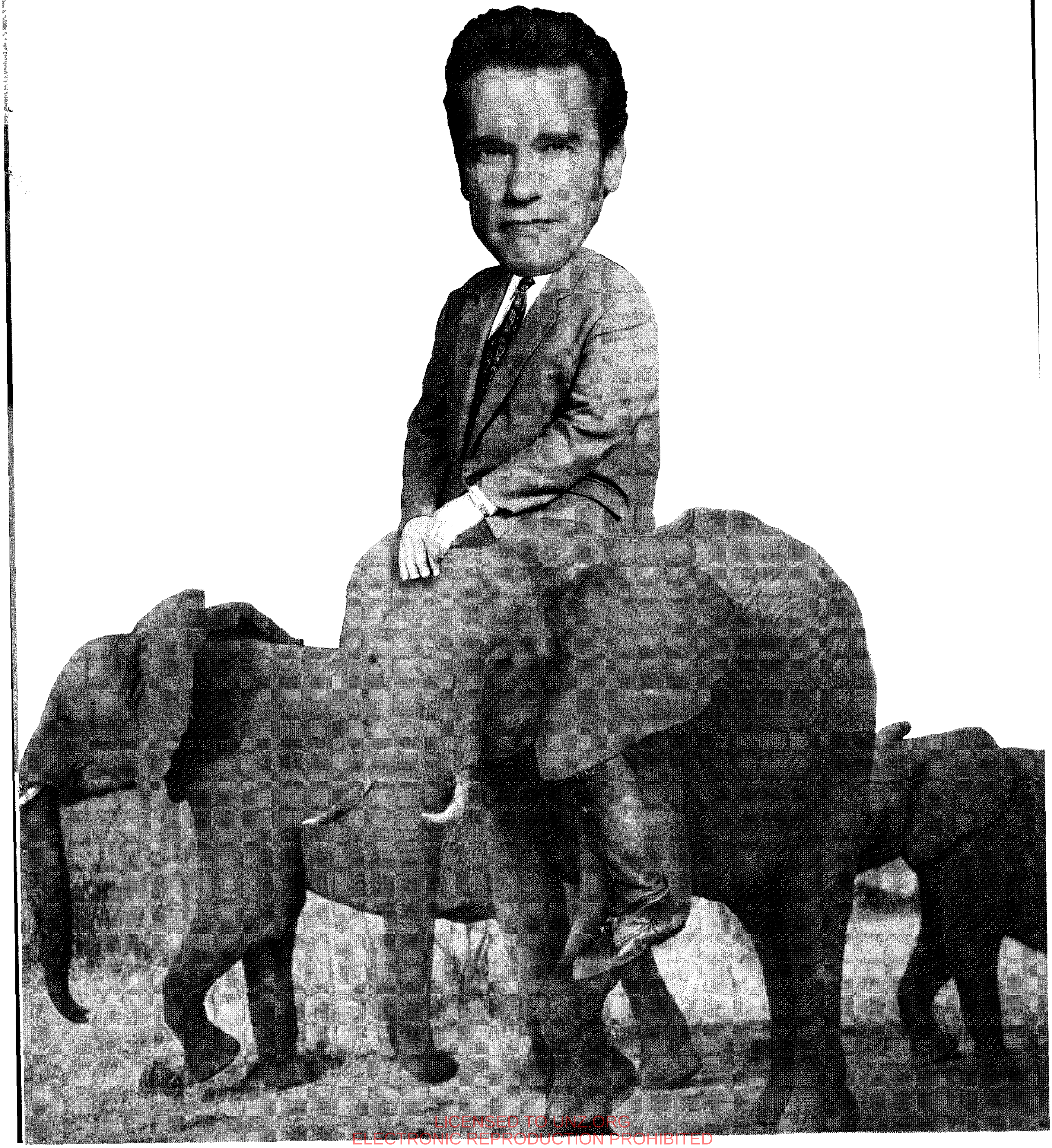
Brooks Firestone, running for supervisor in a swing district in Santa Barbara County, says the California Republican Party is in a process of "evolving" into a more inclusive political party. Van Tran is seeking an Assembly seat in Orange County with a "message of hope and opportunity and free enterprise" that he says resonates with Asians, Latinos and other minorities. A similar message of inclusiveness is voiced by Assemblyman Keith Richman of Northridge, the only Republican to hold a partisan elected office in Los Angeles County. And Bill Simon, the Republican nominee for governor in 2002, is so bullish on GOP prospects that he is planning to run for another statewide office in 2006.

Richman and Firestone favor abortion rights and are moderate on most other social issues. Tran and Simon are social conservatives. What unites them and other Republicans interviewed for this article is a determination to emphasize mainstream economic issues on which they largely agree at the expense of social issues on which they differ.

This is a new attitude in a state party noted until recently for its ineffectiveness. Before the election of Governor Arnold Schwarzenegger, social conservatives had made it a point of pride — they would say "of principle" — to ignore the libertarian leanings of a majority of Californians. This contrasts with the pragmatism of conservatives in other populous states; 15 of the states carried by Democrat Al Gore in the presidential election of 2000 have Republican governors, most of them moderates.

The alienation of California Republicans from the voters on social issues has combined with the state's changing demographics, notably the rise of Latinos, to make Republicans a seemingly endangered minority. Californians have not elected a Republican to the U.S. Senate since 1982. They have not voted Republican in a presidential election since 1988. Democrats hold commanding margins in both houses of the Legislature. In 2002, for the first time since 1882, Republicans lost every statewide constitutional office.

CALIFORNIA'S GOP



“Prior to the recall election, the Republican Party was on
We were losers. Overnight, Schwarzenegger’s

“Prior to the recall election, the Republican Party was on deathwatch,” said Ray McNally, a Sacramento-based political consultant. “We had a mindset that we couldn’t win. We were losers. Overnight, Schwarzenegger’s victory changed the feeling of the party.”

The recall campaign boosted Republican registration and fund raising. Spurred by Schwarzenegger’s success, the California GOP in 2003 raised more money than its Democratic counterpart for the first time in five years. Campaign finance reports show that the California Republican Party raised $13.7 million in 2003, compared to $7.5 million for the Democrats. Most of the Republican money, $8 million, came in the fourth quarter, when voters removed Democratic Governor Gray Davis and replaced him with Schwarzenneger.

The registration pattern also shows significant Republican gains for the first time in the 21st century. In the last six months of 2003, Republicans registered 245,000 new voters. Between August 2003 and January 1, 2004, according to the Secretary of State’s Office, Democratic registration declined from 44.1 to 43.2 percent while Republican registration increased from 35.3 to 35.7. Such changes reflect a slow but steady Republican rebound from an all-time low registration percentage of 34.9 percent in 2002 and a greater drop for the Democrats, who are at their lowest registration ebb since the early decades of the 20th century. Republicans have gained registration in the 10 most competitive districts in the Assembly, seven of them now in Democratic hands. Overall, Democrats hold a 48-32 edge in the Assembly that GOP legislative leaders expect to cut into this year.

Some of the Democratic hemorrhaging reflects unhealed wounds inflicted by the unpopular governorship of Davis, who drove voters into independent as well as Republican ranks. Democratic registration declined steadily during Davis’ five years in office, and more than one-fifth of California voters now register “decline to state” or as members of minor parties. This trend may on balance help Republicans, according to Mark Baldassare, a pollster who is research director for the Public Policy Institute of California (PPIC).

“California looks more competitive than in the recent past,” Baldassare said in an interview. “Part of this is because of what happened to the Democrats. The recall splintered the Democrats and created a sense of their vulnerability that wasn’t there before. It exposed differences. At the same time the Republicans kept their coalition together.”

Now, without the governorship, Democrats face the potential of even greater fragmentation because it has been historically difficult for any party to maintain a successful coalition solely with legislative leadership. The problem for the Democrats is compounded in northern California by a viable Green Party, whose candidate was narrowly defeated in the San Francisco mayoral election.

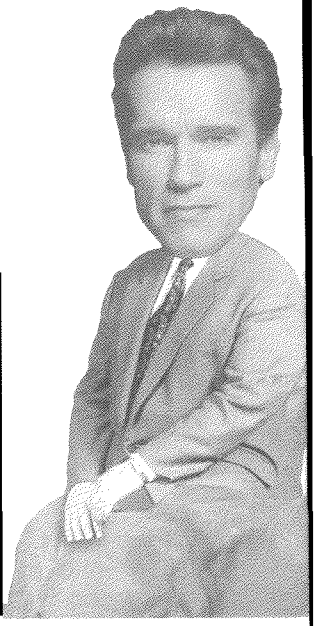
“If the Democrats are pulled to the left, as they have been, and Arnold moves his party to the left, the Republicans have more of a chance to win the center and attract independent voters,” Baldassare said.

For years, California Republicans have ceded the center on social issues and the environment. Barbara Boxer, a Democratic liberal, was elected to the Senate in 1992 in part because Republicans nominated an ultra-conservative instead of the moderate who ran more strongly against her in public opinion polls. Davis’ victory in 1998 over GOP nominee Dan Lungren was in part attributed to the latter’s unrelenting opposition to abortion rights. Former Los Angeles Mayor Richard Riordan’s moderate positions helped sink him in the 2002 GOP gubernatorial primary.

Schwarzenegger, in contrast to Lungren and Simon, is pro-choice and holds liberal-to-moderate positions on most social and environmental issues. Two associates of Schwarzenegger, speaking under ground rules of anonymity, said that he ran for governor in the recall election, in which anyone could vote, because he realized it would be difficult to win a closed Republican primary.

But social conservatives were attracted to Schwarzenegger despite the presence on the ballot of state Senator Tom McClintock (R-Thousand Oaks), a forceful Republican conservative. “When the house is on fire, you put out the fire,” said Wayne Johnson, a Republican media strategist. “We had a fiscal situation in California where it looked the house was going to burn down next week.”

With the state threatened by fiscal bankruptcy, Schwarzenegger was a consensus choice for fireman. And with a celebrity status unmatched since the days of Ronald Reagan, he had the



deathwatch. We had a mindset that we couldn't win. victory changed the feeling of the party."

— Ray McNally

advantage of seeming like a winner.

"Yes, the emphasis on fiscal issues was of help to us," said Richman. "But the basic reason [for Schwarzenegger's victory] was that the party was looking at who could win. It's very analogous to what is going on now in the Democratic presidential primaries."

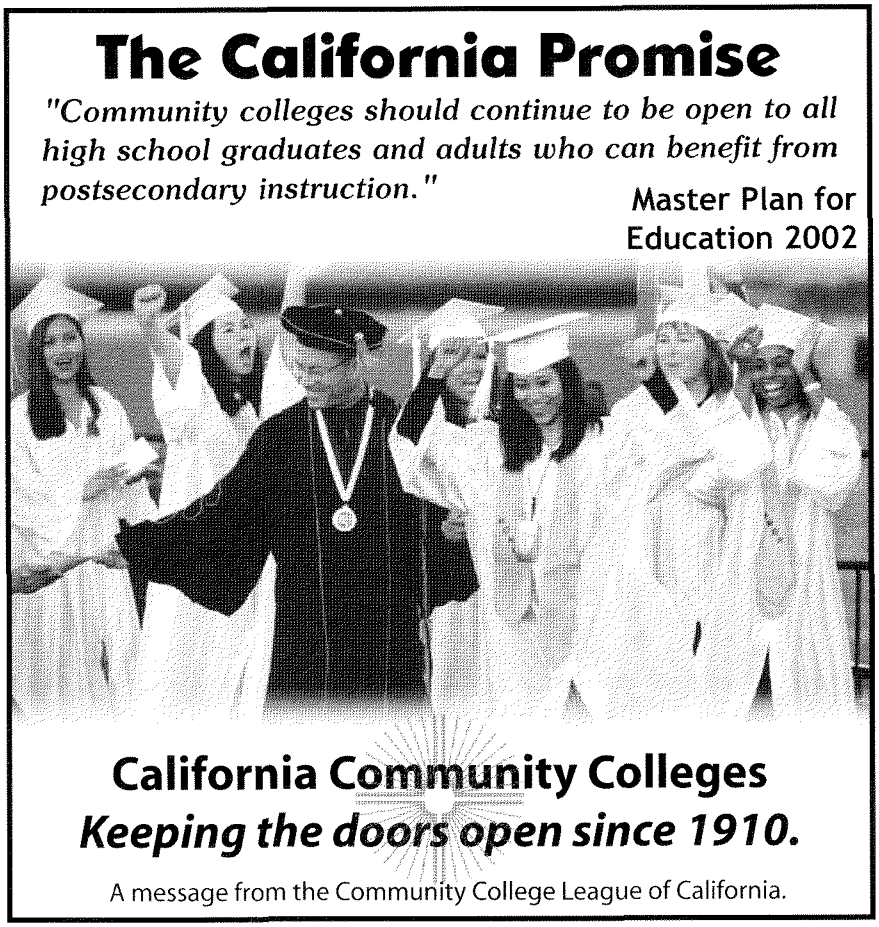
This focus on winning seems to have carried over into 2004, as most Republicans (with the conspicuous exception of McClintock) have united behind Proposition 57, the governor's proposed $15 billion bond issue and its companion measure on the March 2 ballot, Proposition 58, which is intended to control spending. The corollary to this unity is the recognition that Schwarzenegger — and by extension, the Republican Party — is playing for high political stakes. Republicans interviewed for this article unanimously agreed that Schwarzenegger could survive a defeat on the bond issue but also said he would be damaged if the issue fails. "He's 15 feet tall now," said McNally. "He'd be 8 feet tall if he loses."

Even if the bond issue passes, Schwarzenegger and the state of California are not necessarily out of the woods, said Simon, who remembers the "surprise" of New York bankers when mounting debt plunged the city into bankruptcy in 1975. Simon believes that the state could be forced into a similar situation within the next 12 to 18 months if Wall Street becomes persuaded that California cannot manage its debt.

But for now, at least, Schwarzenegger is the darling of the business community, which disliked the social-issue focus of his Republican predecessors. Bill Hauck, president of the California Business Roundtable, observes that business is concerned about issues of productivity, workers' compensation, transportation and public education. Schwarzenegger has stressed these issues.

Republicans in 2004 are taking a cue from Schwarzenegger and emphasizing their areas of agreement. Nowhere is this more evident than in Santa Barbara County where Firestone, a vintner and former assemblyman, is running for county supervisor in a nominally nonpartisan race that has become a fierce partisan test.

Firestone's moderate views made him a target of conservatives in 1998. After House Speaker Newt Gingrich persuaded Firestone to abandon a promising campaign for lieutenant governor and run in a special election for an open House seat, social conservatives ran a candidate against him.


The California Promise

"Community colleges should continue to be open to all high school graduates and adults who can benefit from postsecondary instruction."

Master Plan for Education 2002

California Community Colleges

Keeping the doors open since 1910.

A message from the Community College League of California.

Firestone finished third in the primary. The Republican conservative who beat him was trounced in the runoff by a Democrat, who has won ever since.

But this year Republican moderates and conservatives are united in backing Firestone in a four-man race in which his principal opponent is Democrat John Buttny. The Republican attitude is exemplified by Judith Hill, a longtime party activist and member of a group of Republican women known as Research Issues and Take Action (RITA) who refuse even to discuss the abortion issue. "We concentrate on Republican core values such as lower taxes," Hill said.

Republicans in 2004 are taking a cue from Schwarzenegger and emphasizing their areas of agreement.

A similar disinclination to avoid social issues is evident in Orange County. Tran, bidding to become the nation's first Vietnamese-American legislator, is running against fellow Garden Grove City Council member Mark Leyes for the Republican nomination in the 68th District, which is solidly GOP. Noting that he is "pro-life and pro-family," Tran says diplomatically that his position is "not congruent with the governor" on these issues. He is nonetheless enthusiastic about the opening he says Schwarzenegger has provided for other Republicans.

Whether Schwarzenegger is similarly fervent about the Republican Party remains an open question. Peter Nicholas, a Sacramento-based reporter for the *Los Angeles Times*, says it's his impression that the governor and his aides consider themselves "a party of one."

Stuart K. Spencer, the retired gray eminence of Republican strategists, agrees and adds that it remains to be seen what Schwarzenegger will do with his mandate for change. "Is he going to be a Jesse Ventura or a Republican leader?" Spencer said in an interview. "That isn't clear."

Spencer is outspoken in his belief that the state party needs to do much more than it has done to appeal to minorities, especially Latinos. He deplores the support of the Republican establishment, including Schwarzenegger, for the U.S. Senate candidacy of Bill Jones. Spencer is a supporter of former U.S. Treasurer Rosario Marin, who is vying with Jones and two other candidates to face the heavily favored Boxer. "Rosario is Latino, Catholic and pro-choice," said Spencer. "Republicans could use this race to send a message."

Whether the Republican resurgence continues in California this year will depend in part upon what happens outside the state's borders. Based on current registration, GOP legislative leaders expect a net gain of two to four seats in the Assembly and perhaps one in the Senate despite a reapportionment in 2001 that protected incumbents of both parties. This presumes continued success for Schwarzenegger, who currently has widespread support in public and private polls.

But even if Schwarzenegger remains popular and invests that popularity in his party's candidates, state and local politics can be subsumed by a presidential election. "The outcome may depend more upon what happens in Baghdad than what goes on in Sacramento," said Matt Rexroad, consultant for the Republican legislative caucuses and a Marine reservist who spent seven months in Iraq last year.

On the face of it, a national focus isn't comforting for Republicans, whose nominees have lost California by landslides in the last three presidential elections. In 2000, George W. Bush won only 42 percent of the vote in California and lost to Gore by nearly 1.3 million votes. In the aftermath of that election, Bush was faulted by party operatives for spending time in California that might have been more usefully devoted to Florida and other closely balanced states.

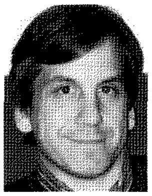
But the dynamics of every presidential election are different. In Baldassare's most recent (January 2004) poll, Bush had an approval edge of 9 percent among likely voters, and he has run better among Latinos than among Democrats as a whole in every PPIC poll since the terrorist attacks of September 11, 2001. National Republican sources said that California is currently on a watch list, which means that the party will poll extensively in the state throughout the year. No judgment is expected on an allocation of financial resources or the president's campaign time until after the party conventions this summer.

Whatever happens in November, California Republicans — thanks in large measure to Schwarzenegger — have for the moment abandoned the defeatist outlook that prevailed during the past decade. "We're in charge in Sacramento and Washington," said GOP consultant McNally. "It's fun to be a Republican again."

Contributing Editor Lou Cannon is the author of five books about Ronald Reagan, most recently "Governor Reagan: His Rise to Power." *Send comments to* **comments@californiajournal.com**

Presidential bypass

by Marc Sandalow



To the great frustration of political reporters whose livelihoods depend on it, California will not be a battleground in the 2004 presidential election.

It's a California Catch-22. Any scenario in which California is closely divided this November involves Republicans easily winning the national contest. Any scenario in which the national contest is closely divided involves Democrats easily winning in California.

There is simply no realistic scenario in which the nation evenly splits its electoral votes everywhere but California, leaving the country breathlessly awaiting voters in Petaluma or Palm Springs to tip the White House to one party or another. California is either the foundation of the Democrats' electoral base, or a surprise that lards a Republican landslide.

It is against that backdrop that Californians should judge the credibility of partisans and pundits who declare: "The road to the White House is through California!"

It's not.

That road rolls through a handful of Great Lake states (Ohio, Michigan, Pennsylvania, Wisconsin and Minnesota), in addition to Florida, Missouri, New Hampshire and New Mexico. Just as the West is mostly an afterthought in the primary schedule, the Pacific Time Zone will not be the focus of the general election.

The 2004 presidential election, at this writing, is shaping up as a rugged contest between a millionaire, prep-school-educated, Yale graduate from Texas, versus a millionaire, prep-school educated, Yale graduate from Massachusetts.

Not that California's preferences are totally ignored. Sen. John Kerry, in many respects, is a made-for-California candidate. He's an environmental advocate, a leader on gay rights, gun control and abortion rights. He has the blessings of *California Sen. Dianne Feinstein.* None of the Democratic contenders have made more visits to California over the past two years than Kerry. Yes, there is something unmistakably East Coast about the lanky, chisel-faced hockey fan, who is prone to speechifying platitudes that sound straight from the Senate floor. Still, he considers windsurfing a form of meditation and has challenged the winds off the Golden Gate.

Meanwhile, President George W. Bush still stakes his claim as the sort of Republican Californians might embrace. The Bush campaign argument goes something like this: Arnold Schwarzenegger proved that a Republican can win a statewide election. Californians rallied behind the president after Sept. 11, 2001. Latinos are far more accepting of Bush than other GOP leaders. And if the economy begins to show strong signs of recovery by the end of the summer, Californians might vote Republican as they did in six consecutive elections prior to 1992. (And to paraphrase Jimi Hendrix, the traffic lights might turn blue tomorrow.)

But the larger point is not to predict whether Kerry or Bush can win Californian hearts (the 2004 election has already confirmed the wise axiom that the conventional wisdom is always wrong.) The larger point is that California is not where the campaign action will be.

> The larger point is that California is not where the campaign action will be.

A rising economic tide that makes a Republican California victory possible would almost certainly first push the upper Midwest states in Bush's direction. If Bush is able to win in Pennsylvania, Michigan, Minnesota and Wisconsin — all states that Gore won narrowly in 2000 — the president will win a second term with or without California's 55 electoral votes, which helps explain why Bush has already visited Milwaukee more than Los Angeles.

Both sides will continue to raise money in the state. As of early February, Bush had raised $11.2 million for his re-election in California, about 10 percent of his total, and more than anywhere else except his home state of Texas. The Democratic candidates had raised approximately the same amount combined, with John Kerry and Howard Dean raising more than 20 percent of their money in California, and Dennis Kucinich, who is among the only members of Congress who might just as easily come from the Bay Area, pulling in nearly 40 percent of his money in California.

And both sides will push their candidates as a way of influencing down-ballot races. For anyone to have a chance of defeating Sen. Barbara Boxer, it is critical for California Republicans to feel every motivation to get to the polls.

But looking ahead to the eight-month general election campaign, if Republicans spend vast resources to promote Bush in California, it's a sign they've got the election won. And if Democrats need to actively defend California, it's a sign that the election is lost.

Contributing editor Marc Sandalow is the San Francisco Chronicle's *Washington bureau chief. Send comments to* **comments@californiajournal.com** people changes

Leadership:

Head of the class

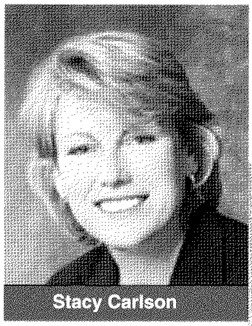
Gov. Arnold Schwarzenegger reached across political lines to tap a bipartisan class to fill seven vacancies on the state Board of Education. His new lineup includes Democrat entertainment lawyer **Bonnie Reiss**, currently serving as the governor's senior adviser. The governor also retained Democrat **Reed Hastings**, the Silicon Valley entrepreneur and CEO of Netflix, who was board president under Gov. Gray Davis. The other appointees are: Democrat **Ruth Bloom**, an arts teacher and public schools advocate in Southern California; Democrat **Ruth Green**, a local school board member in Santa Barbara who served on two statewide panels on standardized testing and language arts; Republican **Glee Johnson**, former chief deputy chancellor for the California Community Colleges system, as well as chief deputy legislative secretary under former Gov. Pete Wilson; Republican **Jeannine Martineau**, past president of the California School Boards Association and a local school board member in Riverside County; and **Johnathan Williams**, founder of the Accelerated School, an inner-city charter school in South Central Los Angeles, who is registered decline-to-state. The unpaid positions vary from two to four years.

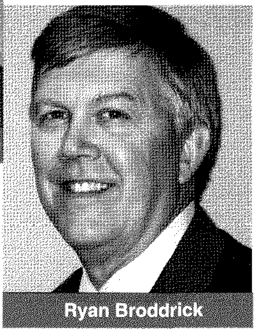
Glee Johnson

Bonnie Reiss

Administration

Gov. Arnold Schwarzenegger has beefed up his press crew to super-size, adding 12 new staffers, including deputy communications directors **Denise Davis**, **Sheryl Main** and **Katherine McLane**; deputy press secretaries **Terri Carbaugh**, **Ashley Snee** and **Vince Sollitto**; assistant press secretaries **Julie Dobie** and **Darrel Ng**; deputy assistant press secretaries **Rob McAndrews** and **Jen Scoggins**; press aide **Leigh Thomas** and executive assistant **Crystal Chase**. ... The governor also appointed six deputies to his legislative affairs team: **Dennis Albiani**, former deputy secretary, Dept. of Food and Agriculture; **Yolanda Benson**, former lobbyist, California Chamber of Commerce; **Jennifer Fitzgerald**, former GOP consultant, Assembly Health; **Paul Navarro**, former Assm. GOP chief budget consultant and education adviser, **Pamela Oto**, former assistant, Assembly and Senate committees, and **Karen Pank**, former public safety consultant, Assembly and Senate GOP caucuses. The legislative affairs team is led by **Richard Costigan** and Chief Deputy **Cynthia Bryant**. ... Selected to run the governor's office in Washington, D.C., is **Stacy Carlson**, a former aide to Pres. George W. Bush, who also worked for several California banks. ... Filling out the governor's cabinet affairs team is chief deputy cabinet secretary **Paul Miner** and deputies **Kacy Hutchison, Dan Skopec, Moira Topp** and **Kimberly Yee,** and assistant cabinet secretary **Adrian Farley**. Miner was staff director for the Assembly Republican Caucus ... The governor named **Regis Gene Lane** as chief deputy inspector of the Office of Inspector General, which investigates allegations of misconduct in state correctional agencies. ...The governor's special adviser on jobs and economic growth is **David Crane**, formerly of Babcock & Brown, a financial services firm in San Francisco. ... **Loris "Ryan" Broddrick** was named director of the state Dept. of Fish and Game. A longtime Fish/Game administrator, he recently directed conservation policy for Ducks Unlimited. ...The governor announced four appointments to the state Resources Agency: **Karen Scarborough,** former Assm. consultant on environmental issues, as undersecretary, **Sandra S. Ikuta** as deputy secretary and general counsel**, Crawford McClain Tuttle** as deputy secretary of external affairs, and **Melinda Tracy Terry** as deputy secretary of legislation. ... Appointed to the State and Consumer Services Agency are **George Valverde** as undersecretary and **Scott Reid** as special assistant and director of the Office of the Insurance Advisor. ... The governor also appointed San Bernardino Co. DA **Michael Ramos** to the California Victim Compensation and Government Claims Board. ... **Joyce Esther**

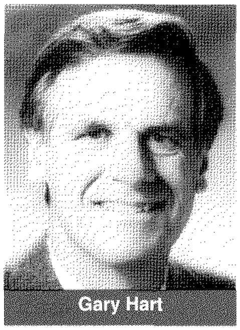

Stacy Carlson


Ryan Broddrick

Arredondo, former executive director of the North Area Teen Center in Carmichael, was named to the California Youth Authority Board.

Legislature

Newly installed Assm. Speaker Fabian Nunez (D-Los Angeles) announced his budget team: **Darrell Steinberg** (D-Sacramento), chair of Budget; **Judy Chu** (D-Monterey Park), chair of Appropriations; **Rudy Bermudez** (D-Norwalk), chair of Rev. & Tax; **Mervyn Dymally** (D-Compton), chair of Budget Subcommittee, Health and Human Services; **John Dutra** (D-Fremont), chair of Budget Subcommittee, State Administration. Nunez named **Leland Yee** (D-San Francisco) as Speaker pro Tempore to preside over Assembly floor sessions. He named the following committee chairs: **Rebecca Cohn** (D-Saratoga), Health; **Ed Chavez** (D-La Puente), Arts, Entertainment, Sports, Tourism and Internet Media; **Patty Berg** (D-Eureka), Aging and Long-Term Care; **Cindy Montañez** (D-San Fernando), Rules; and **Jenny Oropeza** (D-Long Beach), Transportation. ... **Assm. Jackie Goldberg** (D-Los Angeles) was appointed to the Curriculum Development and Supplemental Materials Commission in late Jan. by then-Assm. Speaker Herb Wesson Jr.. ... Sen. Chuck Poochigian (R-Fresno) named **Seth Unger** as communications director. Unger previously was a media relations deputy for the California Chamber of Commerce and former deputy press secretary to the CA. Republican Party. ... Sen. Abel Maldonado (R-Santa Maria) hired **Tom Kise** as communications director. Kise held the same post for the majority leader in Virginia's House of Delegates.



Gary Hart

Media

Dan Borenstein, political editor of the *Contra Costa Times*, is heading a new Knight-Ridder Capitol Bureau that combines staffs of the CCT and the *San Jose Mercury News*. ... *San Francisco Chronicle* reporter **John Hubbell** has joined the paper's Capitol Bureau. ... ABC-affiliate TV stations have opened a new Sacramento bureau with Capitol correspondent **Nannette Mirana** providing coverage for Fresno, Los Angeles and San Francisco.

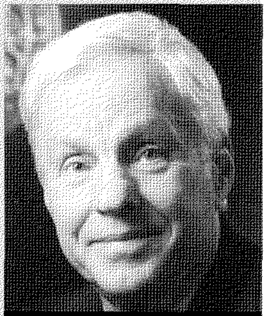
Other

The Public Policy Institute of California has named **Gary Hart** and **Vilma Martinez** to its board of directors. Hart, the former secretary of education under Gov. Gray Davis and a state legislator for 20 years, is founder of the Institute for Education Reform (IER) at CSU Sacramento. Martinez, former president of the Mexican American Legal Defense and Educational Fund (MALDEF), is a Los Angeles attorney. ...**William Kahrl**, noted author, water policy expert and former *Sacramento Bee* editorial writer, has joined Kahl/Pownall Companies, govt.relations/public affairs firm. He managed the Sacramento office of public relations firm Burson-Marsteller and is joined by **Nicole Ratcliff**, who worked on water/land-use issues at Burson-Marsteller. ... **Cassie Gilson**, former senior policy adviser to Gov. Gray Davis, has rejoined Kahl/Pownall in its advocacy division. Actress **Annette Bening** was appointed by Sen. John Burton to the California Arts Council and Actor/Director **Clint Eastwood**, whose term on the state Park and Recreation Commission expired in January, has reportedly been told by the governor that he'll be re-appointed.

Appointment:

Charter schools

Newly retired UC Pres. **Richard Atkinson** has been named to the governing board of the Calif. Charter Schools Assn., which recently reorganized to promote expansion of California's 440 public charter schools. It's headed by **Caprice Young**, former L.A. Unified School District president. **Branche Jones**, a former Assembly staffer and S.F. Unified School District lobbyist, is the group's new director of government affairs.



Richard Atkinson

These pages are prepared with substantial help from ***"The Capitol Morning Report,"*** *a comprehensive daily e-mail and fax listing of events, appointments, staff changes, lobbyist registrations and fund raisers in and around Sacramento. For more information, call (916) 443-5883.*

Who's filling what jobs in your office? Drop us a line at **people@californiajournal.com**

Over the border...for legal drugs

As the clamor for Candian prescription drugs grows ever louder in California and across the country, state lawmakers have proposed a package of bills aimed at making it easier — and safer — to obtain prescriptions from out-of-the-country pharmacies, mostly in Canada. Although buying prescription drugs from Canadian and foreign pharmacies is currently illegal under federal law, Americans are doing so anyway, primarily over the Internet. Among the bills being considered by state lawmakers: **SB1149** by **Sen. Deborah Ortiz (D-Sacramento)** requires the state Board of Pharmacy to publish the names of unsafe suppliers of dangerous drugs operating outside the U.S., aimed at reducing the risk of Californians buying contaminated, expired or counterfeit medications. **SB 1144** by **Sen. John Burton (D-San Francisco)** would allow the state Dept. of General Services to purchase prescription medication from Canada for state prisons and hospitals. The state spent roughly $176 million for prescription drugs for inmates and patients last year; Burton says it could save $30 million through Canadian pharmacies. **Assm. Dario Frommer (D-Los Feliz)** has two bills: **AB1957** would require the state Board of Pharmacy to establish a Web site of state-approved Canadian pharmacies. It also requires the state to determine the savings from a Canadian prescription drug program. The second bill, **AB1958,** creates a prescription drug-purchasing pool through CalPERS that would be available to state agencies, businesses and HMOs.

Senate

SCA1 (Burton/McPherson) Public meetings: Approved for the November ballot, SCA1 would increase public access to government meetings and records. Sponsored by the Calif. Newspaper Publishers Assn. and the Calif. First Amendment Coalition. *Passed 34-0.*

SENATE (25 D, 15R)	SCA 1	SB311	SB 650		SCA 1	SB311	SB 650
Aanestad (R)	*	Y	Y	Knight (R)	*	Y	Y
Ackerman (R)	*	Y	Y	Kuehl (D)	*	Y	Y
Alarcón (D)	*	*	Y	Machado (D)	*	Y	Y
Alpert (D)	*	Y	Y	Margett (R)	*	*	*
Ashburn (R)	*	Y	Y	McClintock (R)	*	Y	Y
Battin (R)	*	Y	Y	McPherson (R)	*	Y	Y
Bowen (D)	*	Y	Y	Morrow (R)	*	*	Y
Brulte (R)	*	N	*	Murray (D)	*	*	Y
Burton (D)	*	Y	Y	Oller (R)	*	Y	Y
Cedillo (D)	*	*	Y	Ortiz (D)	*	Y	Y
Chesbro (D)	*	Y	Y	Perata (D)	*	Y	Y
Denham (R)	*	N	Y	Poochigian (R)	*	Y	Y
Ducheny (D)	*	Y	Y	Romero (D)	*	Y	Y
Dunn (D)	*	*	Y	Scott (D)	*	Y	Y
Escutia (D)	*	Y	Y	Sher (D)	*	Y	Y
Figueroa (D)	*	Y	Y	Soto (D)	*	Y	*
Florez (D)	*	*	Y	Speier (D)	*	*	Y
Hollingsworth (R)	*	Y	Y	Torlakson (D)	*	Y	Y
Johnson (R)	*	Y	Y	Vasconcellos (D)	*	Y	Y
Karnette (D)	*	Y	Y	Vincent (D)	*	*	Y

SB 311 (Sher) Class size funding: Eases financial penalties on school districts that exceed the 20-to-1 student-teacher ratio in grades K-3. Schools could average 22 students during a school year without losing all $18,000 per classroom in state funding. Similar bill vetoed last year by former Gov. Gray Davis. *Passed 29-2.*

SB 650 (Battin) Megan's Law: Removes any sunset dates, making permanent Megan's Law, which requires convicted sex offenders to register with the state. *Passed 37-0.*

Assembly

AB 848 (Nation) Road hogs: Limits current tax breaks for businesses that purchase heavy vehicles, including Hummers and some SUVs. Deductions would be limited to farmers and businesses that haul heavy loads. Grants tax deductions for purchases of reduced-emission vehicles. *Failed 36-36.*

AB 858 (Goldberg) "Redskins" ban: California would be the first state to issue a ban on public elementary, middle and high schools from using the term "Redskins" for sports teams and school mascots. A compromise to Goldberg's 2002 effort to ban a broader band of Indian names, including Apaches, Braves, Chiefs and Warriors. *Passed 43-23.*

AB 1785 (Frommer) Political consultants: Political consultants would be barred from lobbying state lawmakers with whom they have a working relationship. Measure instigated after an expletive-laced incident involving Richie Ross, a Democratic consultant-lobbyist, who publicly chastized aides to two lawmakers who opposed his client's bills. *Passed 71-0.*

AB 1784 (Wolk) Political consultants: A companion to Frommer's bill, this imposes the same restrictions on lobbying state constitutional officers. *Passed 71-0.*

AJR 57 (Jackson) Roe vs. Wade: Resolution celebrating 31st anniversary of U.S. Supreme Court's *Roe vs. Wade* decision, upholding a woman's right to abortion. Urges President Bush to uphold the intent of the court's decision and calls on all Americans to participate in the national "The March of Women's Lives" on April 25. *Passed 49-25.*

AB 384 (Leslie) Prison tobacco: Bans the sale of tobacco and smoking products in all state prisons and youth correctional facilities. Designed to save $266 million in smoking-related health care costs for inmates. *Passed 66-4.*

ASSEMBLY
(48D. 32R)

	AB 384	AB 848	AB 858	AB 1784	AB 1785	AJR 57
Aghazarian (R)	Y	N	N	Y	Y	N
Bates (R)	Y	N	N	Y	Y	*
Benoit (R)	Y	N	*	Y	Y	N
Berg (D)	N	Y	Y	Y	Y	Y
Bermúdez (D)	Y	*	Y	*	*	Y
Bogh (R)	Y	N	N	Y	Y	N
Calderon (D)	Y	*	Y	*	*	Y
Campbell (R)	Y	N	N	Y	Y	N
Canciamilla (D)	N	N	*	Y	Y	Y
Chan (D)	Y	Y	Y	Y	Y	*
Chavez (D)	Y	Y	Y	Y	Y	Y
Chu (D)	Y	Y	Y	Y	Y	Y
Cogdill (R)	Y	N	*	*	*	N
Cohn (D)	Y	*	Y	Y	Y	Y
Corbett (D)	Y	Y	Y	Y	Y	Y
Correa (D)	Y	N	*	Y	Y	Y
Cox (R)	Y	N	N	Y	Y	N
Daucher (R)	Y	N	N	Y	Y	Y
Diaz (D)	Y	Y	Y	Y	Y	Y
Dutra (D)	Y	*	Y	Y	Y	Y
Dutton (R)	Y	N	N	Y	Y	N
Dymally (D)	Y	Y	Y	*	*	Y
Firebaugh (D)	*	Y	Y	Y	Y	Y
Frommer (D)	Y	Y	Y	Y	Y	Y
Garcia (R)	Y	N	Y	Y	Y	N
Goldberg (D)	N	Y	Y	*	*	Y
Hancock (D)	Y	Y	Y	Y	Y	Y
Harman (R)	Y	N	N	Y	Y	*
Haynes (R)	*	N	N	Y	Y	N
Horton, J. (D)	Y	*	Y	Y	Y	Y
Horton, S. (R)	Y	N	N	Y	Y	*
Houston (R)	Y	N	*	Y	Y	*
Jackson (D)	Y	Y	Y	Y	Y	Y
Keene (R)	Y	N	*	Y	Y	N
Kehoe (D)	*	Y	Y	*	*	Y
Koretz (D)	Y	Y	Y	Y	Y	Y
La Suer (R)	Y	N	N	Y	Y	N
Laird (D)	Y	Y	Y	Y	Y	Y
La Malfa (R)	Y	N	N	Y	Y	N
Leno (D)	N	Y	Y	Y	Y	Y
Leslie (R)	Y	N	*	Y	Y	N
Levine (D)	Y	Y	Y	Y	Y	Y
Lieber (D)	Y	Y	Y	Y	Y	Y
Liu (D)	Y	Y	N	Y	Y	Y
Longville (D)	*	Y	Y	*	*	Y
Lowenthal (D)	Y	Y	Y	Y	Y	Y
Maddox (R)	Y	N	*	Y	Y	N
Maldonado (R)	Y	N	N	Y	Y	*
Matthews (D)	Y	N	*	Y	Y	Y
Maze (R)	Y	N	N	Y	Y	N
McCarthy (R)	Y	N	*	Y	Y	N
Montañez (D)	Y	Y	Y	Y	Y	Y
Mountjoy (R)	Y	N	N	Y	*	N
Mullin (D)	Y	Y	Y	Y	Y	Y
Nakanishi (R)	Y	N	*	Y	Y	N
Nakano (D)	Y	Y	Y	Y	Y	Y
Nation (D)	*	Y	Y	*	*	Y
Negrete McLeod (D)	*	*	Y	Y	Y	Y
Nuñez (D)	*	Y	Y	Y	Y	Y
Oropeza (D)	Y	Y	Y	Y	Y	Y
Pacheco (R)	Y	N	N	Y	Y	N
Parra (D)	Y	N	*	Y	Y	Y
Pavley (D)	Y	Y	Y	Y	Y	Y
Plescia (R)	Y	N	N	Y	Y	N
Reyes (D)	*	Y	Y	Y	Y	Y
Richman (R)	Y	N	N	Y	Y	Y
Ridley-Thomas (D)	Y	Y	Y	Y	Y	Y
Runner (R)	Y	N	N	Y	Y	N
Salinas (D)	Y	Y	Y	Y	Y	Y
Samuelian (R)	Y	N	N	*	Y	N
Simitian (D)	Y	Y	Y	Y	Y	Y
Spitzer (R)	Y	N	*	Y	Y	N
Steinberg (D)	Y	Y	Y	Y	Y	Y
Strickland (R)	*	N	N	Y	Y	N
Vargas (D)	Y	*	Y	Y	Y	Y
Wesson (D)	Y	*	*	Y	Y	Y
Wiggins (D)	*	Y	Y	Y	Y	Y
Wolk (D)	Y	Y	Y	Y	Y	Y
Wyland (R)	Y	N	N	Y	Y	N
Yee (D)	Y	Y	Y	Y	Y	Y

VOTE RECORDS

Listed here are the votes of legislators on recent bills. Votes selected involve issues of major importance, issues on which there was a major division of opinion, or both.

Y - Yes N - No
*** - Absent or not voting**

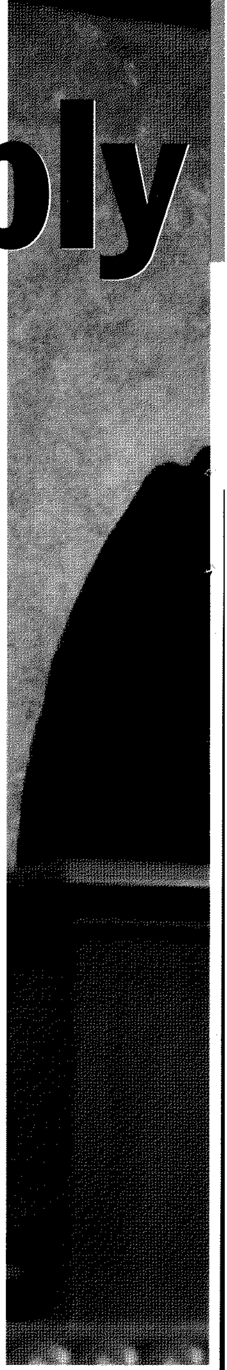
A 2/3 vote is required for urgency measures, constitutional amendments and appropriations.

Assembly: 41 votes required for passage of bills needing a simple majority.
(2/3 = 54 votes)

Senate: 21 votes required for passage of bills needing a simple vote majority.
(2/3 = 27 votes)

The new Assembly

Freshman Democrat Fabian Nunez, sworn in as Assembly Speaker last month, assumes the job at an uneasy juncture. He takes over a house still unsettled by a messier-than-usual speakership fight and by a Republican caucus emboldened by the election of Governor Arnold Schwarzenegger. In an interview with the *California Journal*, the first-term lawmaker describes the political challenges ahead.



On February 9, 2004, freshman Assemblyman Fabian Nunez (D-Los Angeles) was sworn in as the 66th speaker of the California Assembly, succeeding Herb Wesson (D-Los Angeles), who is termed out in November. To win the speakership, Nunez bested three "veterans" — Budget Committee Chair Jenny Oropeza, Health Committee Chair Dario Frommer and Rules Committee Chair Joe Nation — all members of the sophomore class. The four jockeyed for support in the Democratic caucus throughout the summer and fall of 2003, with Nunez finally prevailing only weeks before the Assembly voted him speaker-elect on January 8.

Several weeks before his swearing in, the 37-year-old Nunez sat down with *California Journal* editors A.G. Block and John Howard to talk about his role as speaker, and the advantages and disadvantages that a rookie brings to the Assembly's top job. The interview was conducted on January 22, 2004, in Nunez' office at the state Capitol.

California Journal: You've become speaker in the middle of your first term. What do you see as the advantages of that, and what are the disadvantages for someone so green?

Speaker Fabian Nunez: There are advantages, and there are challenges. The advantages are that you can take a fresh look at the way the institution runs and that the "can't dos" can become "can dos" in terms of how you restructure the house. For example, we have taken an initiative to reduce the membership of the committees by one third, thereby allowing members to focus in-depth on policy issues.

CJ: ***Does this mean members will serve on fewer committees?***

NUNEZ: Yes. By serving on fewer committees, they have the ability to delve more into the substance of issues.

CJ: Does this include all committees, or will you leave some committees alone?

NUNEZ: My goal is to get there in two years. This is an example of a "can do" that typically you wouldn't do in term-limited environment. And that leads me to the second advantage of having a freshman speaker: I have the ability to serve ... four years, possibly five years, which brings a stability to the Assembly that is desperately needed in terms of its position with the Senate, negotiating budgets and the flow of legislation — where legislation gets shaped, which house shapes it. A lot of those things are defined by which house is the most efficient, which house is the most reliable, which house is the least uncertain. From that perspective, having a speaker who can be here for a longer period brings a sense of stability that the Assembly has lacked.

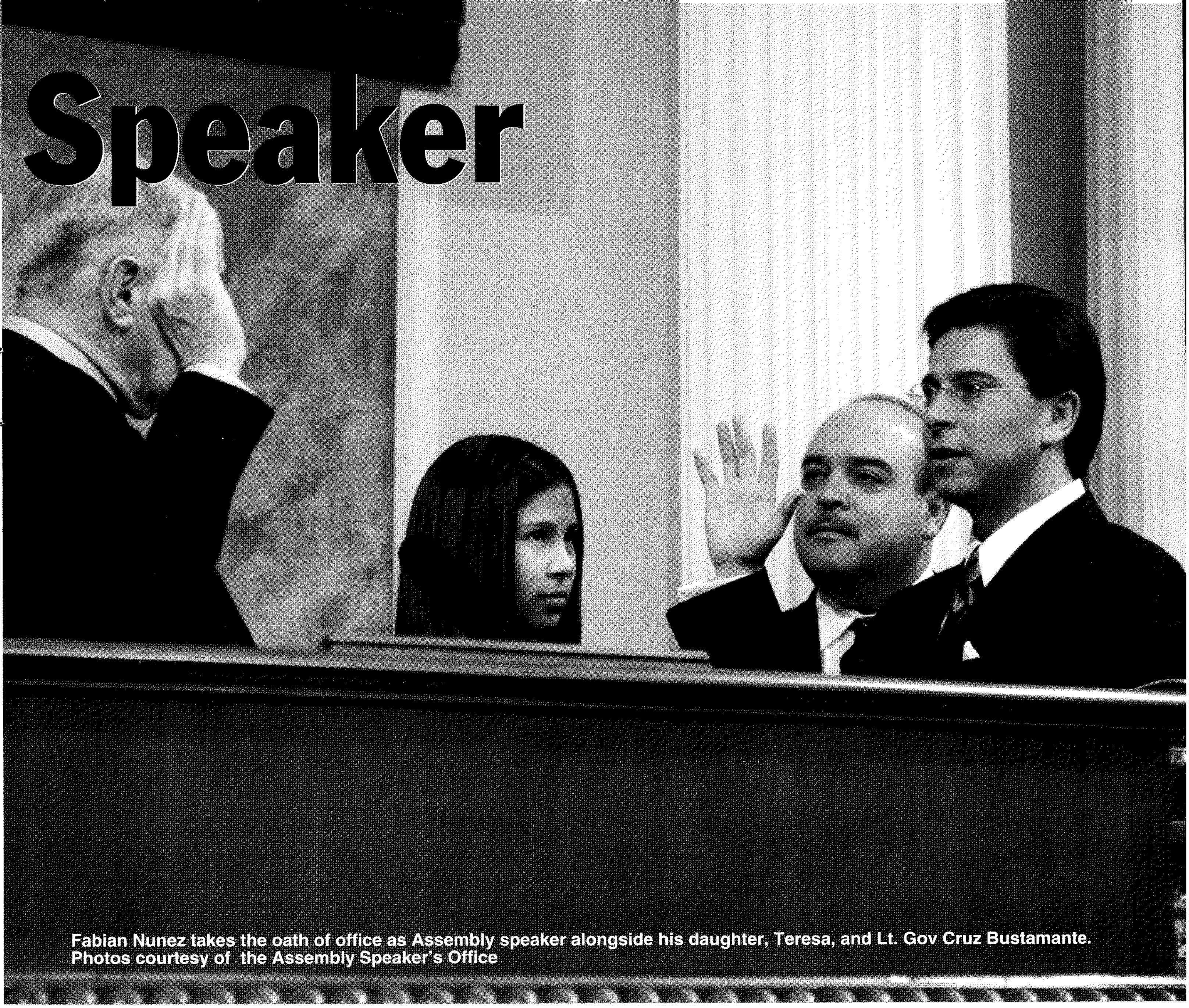
CJ: ***Challenges?***

NUNEZ: One is the challenge of term limits. Before the term limit era, who would have thought that somebody could become speaker after serving only one year in the Legislature? It would never have happened. I don't know all the ins and outs of this political process. It is an art form. When you have people who don't have experience, you lack institutional memory. I say it isn't a deficit. I say it is a challenge because a challenge is a problem you foresee, and you find a solution by which you can try to alleviate or balance the inequity. In this case, I am surrounding myself with people who have been here a very long time and who have the institutional memory I don't have.

CJ: ***Are you talking about staff?***

NUNEZ: Staff and members as well. I need to surround myself with members, too, who have been here long

Speaker



Fabian Nunez takes the oath of office as Assembly speaker alongside his daughter, Teresa, and Lt. Gov Cruz Bustamante.
Photos courtesy of the Assembly Speaker's Office

enough to know what works and what doesn't work. But staff is key to that issue because staff helps determine what has worked in the past, and what has not worked. If you're a new member and you've been here one year and you introduce a bill, and all your staff is new, you have no idea about the history of that bill, other than what you get in the committee summaries. And even the committees don't have a lot of institutional memory anymore.

How do I work around it? One, surround myself with people who have been around a long time who know the process and know the ins and outs of the place. And two, by working harder than anyone else. That's one thing that I've always been able to demonstrate, and not just here but in all the professional work I've done. I will always work as hard and as long as possible to catch up with what I need to do.

There is experience that I bring to this job which I don't think characterizes me as "green," as you described it. I'm new as a member to the Legislature, but I'm not new to the legislative process. I first came here to Sacramento to lobby Governor George Deukmejian in 1989 on the use of federal funds for immigrant education. At the time, the state was facing a deficit — not as serious as the deficit we're facing today, but a deficit nonetheless. I was up here representing a coalition of immigrant education organizations. I was in my early 20s, and I was sitting down with legislators and talking to them about the issues that were important to us and getting them to support the funding that was necessary for our programs.

So, I started coming here in 1989, and in one capacity or another, have been around this place for about 15 years. I'm not new to the budget process. As head lobbyist for the L.A. Unified School district, my main focus was bringing in more resources for our school district — the second largest in the country.

Before that I was the political director for the Los Angeles Federation of Labor, so I ran a lot of political campaigns, but also did a lot of work on behalf of the unions.

CJ: ***You originally ran as a candidate with very close ties to the L.A. Federation of Labor. In fact, two years ago, we identified you as their No. 1 election priority in your primary against Pedro Carillo. As speaker, you have a wider constituency. How do you demonstrate to skeptics in your own caucus, especially moderates, that you will be even-handed as speaker?***

NUNEZ: My sense is that I proved that in my first year. It wasn't my intention to win anyone over, but when you're a lobbyist for a particular entity, then you advance the interests of that entity. When that constituency expands, then you advance the interests of the constituency that you represent. I went from being the local director of the county federation of labor to being one of the top administrators at the L.A. Unified School District, where I had to be on the other side of union negotiations with all my friends in the labor movement. As you know, there were some labor unions that did not support me at the time. And then I move on to represent the 46th Assembly District, which at that point, I'm not only representing unions or education interests, I've got a whole constituency to represent. I'm very clear about that. And now, as elected speaker of the Assembly, I represent 35 million people and diverse interests in this state.

My interests in terms of those things I need to do as speaker have expanded. My moderate friends understand that, and I [take] a very practical approach to solving problems. If you look at my legislative agenda, I've done stuff for renters' rights — where I was able to bring everybody on board. The apartment association folks at first didn't want to support the bill [but] I brought them on board. We found ways of working creatively to bring people together. Some folks saw me as this labor guy... but I think they saw very soon that I am a problem solver and a very practical operator.

CJ: ***What about issues that you don't advocate for, and that you're opposed to, such as draconian budget cuts that may be coming, the social and health service cuts we already know about. How will you approach the folks who have known you and liked you over the years, telling them this isn't where you're coming from? How do you reach out to get that broader support?***

NUNEZ: This is one of the challenges of dealing with a budget deficit as enormous as the one we face. ...The reality is that we know where serious cuts will have to be made, and in some cases we have to weigh whether we give catheters to sick people [against] a program that does outreach to poor families. You have to assess which of those is more immediate. I'd rather give catheters to sick people.

Those are the decisions that we are now going to have to make, and they are decisions that are based upon ... the survivability of our state. What's in our best interests? It's no longer a question of "do we care about programs that affect the poor, the disenfranchised, people who don't have a voice in government." It's "what can we save?" I feel very comfortable articulating this. In some cases, we have to make tough choices between severe cuts to programs that are life-threatening and cuts to social programs that are essential but not life-threatening. And so in some ways, it's good to have someone who can deliver that message but be sensitive to both of those programs.

In my role as speaker, I am very comfortable in that capacity, albeit I will always stand up to defend programs that are smart. It's easy to be shortsighted when it comes to making cuts. We can't make cuts that will end up being deeper in the future if we make them today — transportation being one. Another is UC Merced. I'm assessing where I am with UC Merced. Cuts today in CSUs and UCs hurt us in the future. Those are good investments. We have to make cuts and be fiscally responsible, but we also have to be socially responsible. That's a balance we have to keep.

CJ: ***The other side of that coin is tax increases. Do you see the need for tax increases, even if Proposition 57 (the recovery bond) passes?***

NUNEZ: Without question, we need Prop. 57 to pass. Without it, the financial status of this state will be pushed over a cliff. But even with Prop. 57 and 58 passing, we're still in a financial crisis, still have cuts to make. Unless the governor can do two things that he may or may not be able to do, I wouldn't rule out having to bring new revenue in to the state. And this is why I haven't publicly been saying we need to raise taxes. Maybe we don't need to raise taxes. Maybe the governor in his investigation of waste, fraud and abuse will come up with another billion or two billion dollars worth of savings. And maybe he can convince the federal government, and President Bush in particular, to give the state its fair share of funds for Medi-Cal, or Title I for public education, or disaster funds. And also where it relates to homeland security. And maybe there are other funds.

CJ: ***Absent being able to do that?***

NUNEZ: Absent being able to do that, the governor has some tough choices to make, and the Legislature has some tough choices to make. He has said new revenues are not on the table, but he has not said new fees are not on the table. And from reading the local newspapers, both in the primary and secondary media markets, I am finding that folks are saying that a fee is a tax, in essence — just a different way of selling us a tax. In some regards, we're already seeing some of it. And we may need to see more of it.

We all realize we're facing a deficit, and we have to make cuts. We know that people at the local level feel it more than at the state level because they are the first ones to have to make the adjustments when fees for picking up trash increase, when they have less police and less fire services. Those effects will be felt by people.

There are some proposals by the governor that are just

Fabian Nunez enters the state Assembly chambers with his daughter, Teresa, followed by Willie Brown and other former Assembly speakers.

awful and I don't support. Are you going to deny 3,000 children who don't have health insurance the right to have insurance under the Healthy Families program? We're going to increase fees at the UC by another 40 percent? You're going to go to the state colleges and deny 30,000 students, freshmen, the right to go to the university? These are investments in our future.

The governor had to present a balanced budget. He did so, but I don't think this is the way to go about it. We have to find a more creative way to do this, and the more creative way is to find avenues to bring more resources into the state.

I am not one who will say, "We will have to raise taxes, raise the sales tax, raise the higher income tax," although the [personal income tax] is one more and more people are talking about. The governor said in his State of the State address that "everyone has to feel the pain." He didn't say this exactly, but figuratively, that when the axe falls, the pain needs to be felt equitably. The very wealthy haven't, in my view, been asked to share in the pain. That aside, even if we don't do any taxes, there is still a way for us to present our case to President Bush and get the federal government to come in and bail out California. We really do need a bailout. Short of getting a federal bailout, any other attempt and effort to fix this budget outside the structural issues that need to be dealt with — which are just as painful, by the way — we won't get out of this crisis in the next four or five years.

CJ: ***Concerning the internal politics of the Assembly, the three previous speakership elections were relatively smooth. Yours was a little messy, and it seemed to take you a long time to nail it down, even with Speaker [Herb] Wesson's support. Why do you think that happened, and what did you learn from the process?***

NUNEZ: I didn't get into the race for speaker until the last day of session [September 30, 2003]. That's when I publicly said to people, "I'm running for speaker." From that point to the day we put it together seems to me a relatively short period of time. Several months. Normally, you work at it a year, even three, to become speaker. My effort was much shorter than those who came before me.

Was it a spirited battle? Without question. But I do think that whatever wounds were inflicted by that process have healed and our caucus has moved forward. I've never had a bad relationship with any members of the caucus. I was campaigning for the job by saying good things about everyone else. I didn't know whether that was going to help me or not, but I knew in the end it was the best way to do it because what we needed was healing and not inflicting pain. That was how I approached it, so I feel very comfortable.

Once the speakership was resolved, I went back and met with every member of the caucus, made peace with everyone in my caucus and said, look, from this point forward, we're all going to work together. In terms of committee assignments, those will be reflective of the new coalition that needs to lead the Assembly Democrats.

Fabian Nunez

Personal:

Born December 27, 1966, in San Diego. Divorced, three children.

Education:

Graduate of Pitzer College in Claremont, California, with bachelor's degrees in political science and education.

Career:

Political director, Los Angeles County Federation of Labor (1996-2000); government affairs director, Los Angeles Unified School District (2000-2002). Elected to the Assembly in 2002. Termed out in 2008.

CJ: ***Two of your rivals for speaker — Jenny Oropeza [Budget Committee] and Joe Nation [Rules Committee] — held key chairmanships under former Speaker Wesson. Will they remain in those positions?***

NUNEZ: By the time you print this, you will know. [They did not. See "People" page 41.]

CJ: ***Republicans have been emboldened by the governor's success, both statewide and in this house. There are strong indications that the Republican Party is going to be very aggressive in the fall elections. How many seats do you think you can lose without imperiling your speakership?***

NUNEZ: We have nine seats that we will keep a very, very close eye on, and we're going to work very hard to keep those seats. And among those seats are some that are not now Democratic seats. So, we're not taking anything for granted and are operating under the worst-case scenario. Having said that, two quick things. The electorate shook us pretty hard. They told us, "Look, you go to Sacramento to solve problems. You don't go to Sacramento to partake in partisan bickering." This governor was elected by both Republicans and Democrats and decline-to-state voters.

CJ: ***In terms of bipartisan cooperation, will you allow Republicans to name their own vice-chairmen and committee members?***

NUNEZ: We're going to operate under a new system of bipartisan cooperation, and we're going to find common ground wherever possible. Having said that, we're still in the majority, and the majority makes the decisions. We're going to be fair with Republicans in the Assembly, and we're going to make sure that their issues are dealt with appropriately and that they are treated with the respect and dignity that they deserve. There is no question that when [Minority Leader] Kevin McCarthy and I say that we're working together, we talk every day, and we're looking for ways to make sure that we're responding...

CJ: ***If I'm a Republican legislator, and I hear the speaker-elect say that "we're going to deal with them appropriately," am I to take comfort in that? Or should I be a little nervous?***

NUNEZ: If you took it out of context, you'd be nervous, but not if you put it into the context of bipartisan cooperation, in that spirit.

CJ: ***As you've progressed professionally, and while growing up, who were your heroes? Who did you look to for inspiration?***

NUNEZ: The person who most guided me, who I had most admiration for and looked to on how he conducted himself during his political career, was Nelson Mandela. He spent 27 years in jail and never lost sight of his objective. He became president of South Africa and really believed in the concept that government needs to work for everybody. When the folks at the bottom of the barrel have the opportunity to govern, they don't do to others what had been done to them. He governed with a lot of dignity and had the most peaceful transition of power when he had to leave the presidency of South Africa. Very few people have been able to go from being an activist to being a statesman and do it with so much grace.

Personally, the work that Cesar Chavez did was important and had a huge impact on my life, particularly when I was a high school student and a college student. It gave me the inspiration to stay in school and focus on the issues I care about.

Last but not least is the Kennedys. My dad inculcated in my mind the importance of public service and what it means. I wasn't able to witness John or Bobby Kennedy personally because one died the year before I was born and the other when I wasn't old enough to know. These two individuals came to a leadership position at a difficult time in our country's history yet inspired a lot of people. I'm moved by those types of strong leadership.

Send comments to **comments@californiajournal.com**

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TO PAY OR NOT

The four-month-old strike by employees of three major supermarket chains centers on health care benefits, but the outcome will echo far beyond the grocery industry. Ultimately, it's at the heart of a far deeper and more troubling policy issue: Who should pay for health care and how much?

By Sandy Harrison

It has been more than four months since Southern California grocery workers struck three major supermarket chains. The elusive issue in this complex strike is not wages or hours or working conditions. It is health care benefits. The supermarkets, girding for price wars with Wal-Mart, want employees to shoulder a greater share of the cost; employees, noting Wal-Mart's paltry benefit package, fear they will end up paying virtually all of the cost of their health care.

How this impasse shakes out is of keen interest to a myriad of employers and unions, and to the entire health care industry — both in California and elsewhere — because any settlement could set a standard for other disputes over health care benefits. More significant, it could dramatically stress an already overburdened public health care delivery system (see story, page 8).

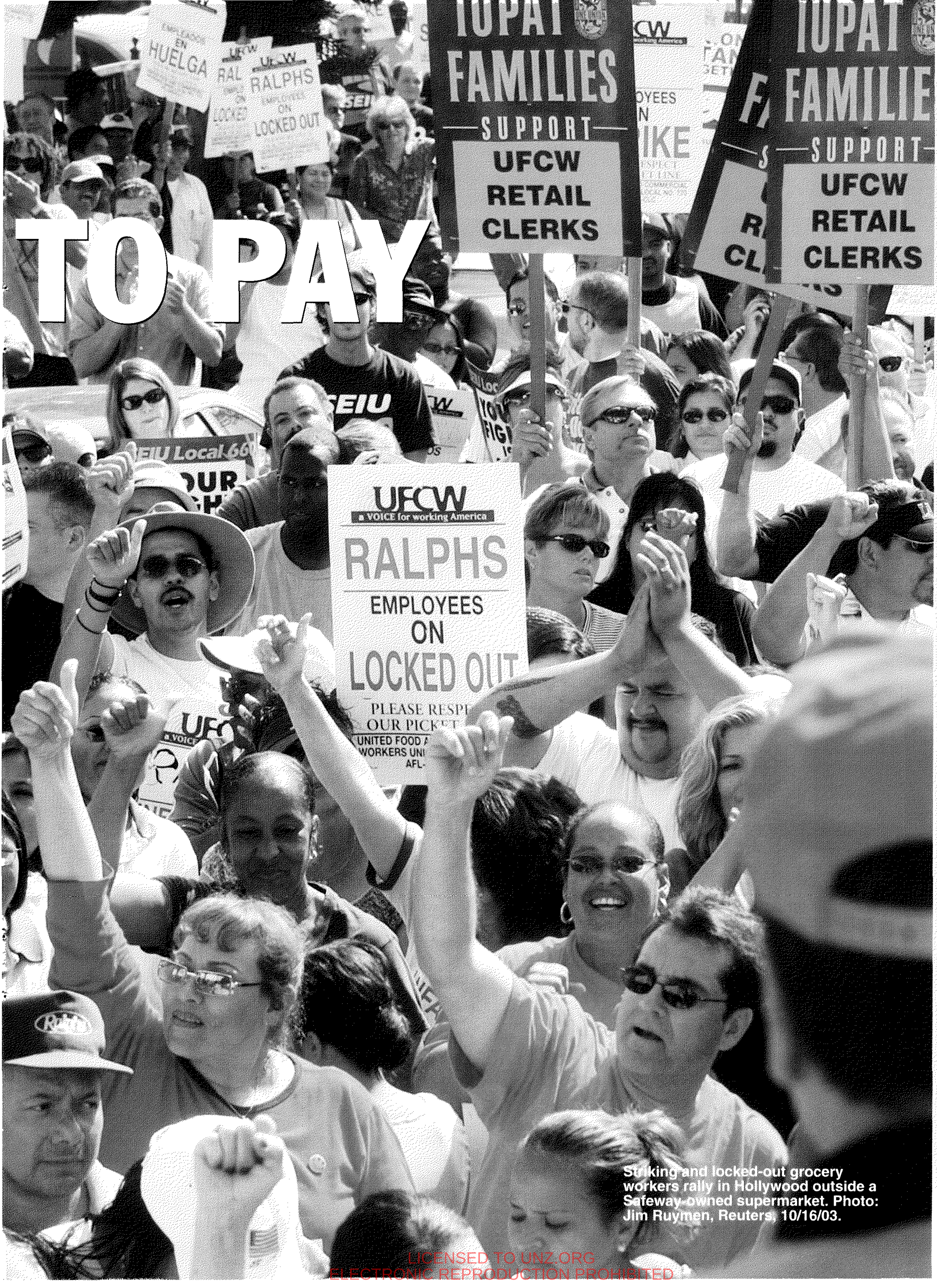
Most experts agree that any deal that includes major increases in health care costs to workers has alarming public policy implications. Faced with modest wages and more costly health benefits, experts warn, many workers may choose to save money by forgoing health insurance, resulting in less preventive care now — and more dangerous and costly medical emergencies in the future.

"If I'm going to be casual about it, I'd say, 'What difference does it make?' What difference will a couple hundred thousand more people make when we've already got three million uninsured in Southern California?" rhetorically asked Jim Lott, executive vice-president of the Hospital Association of Southern California.

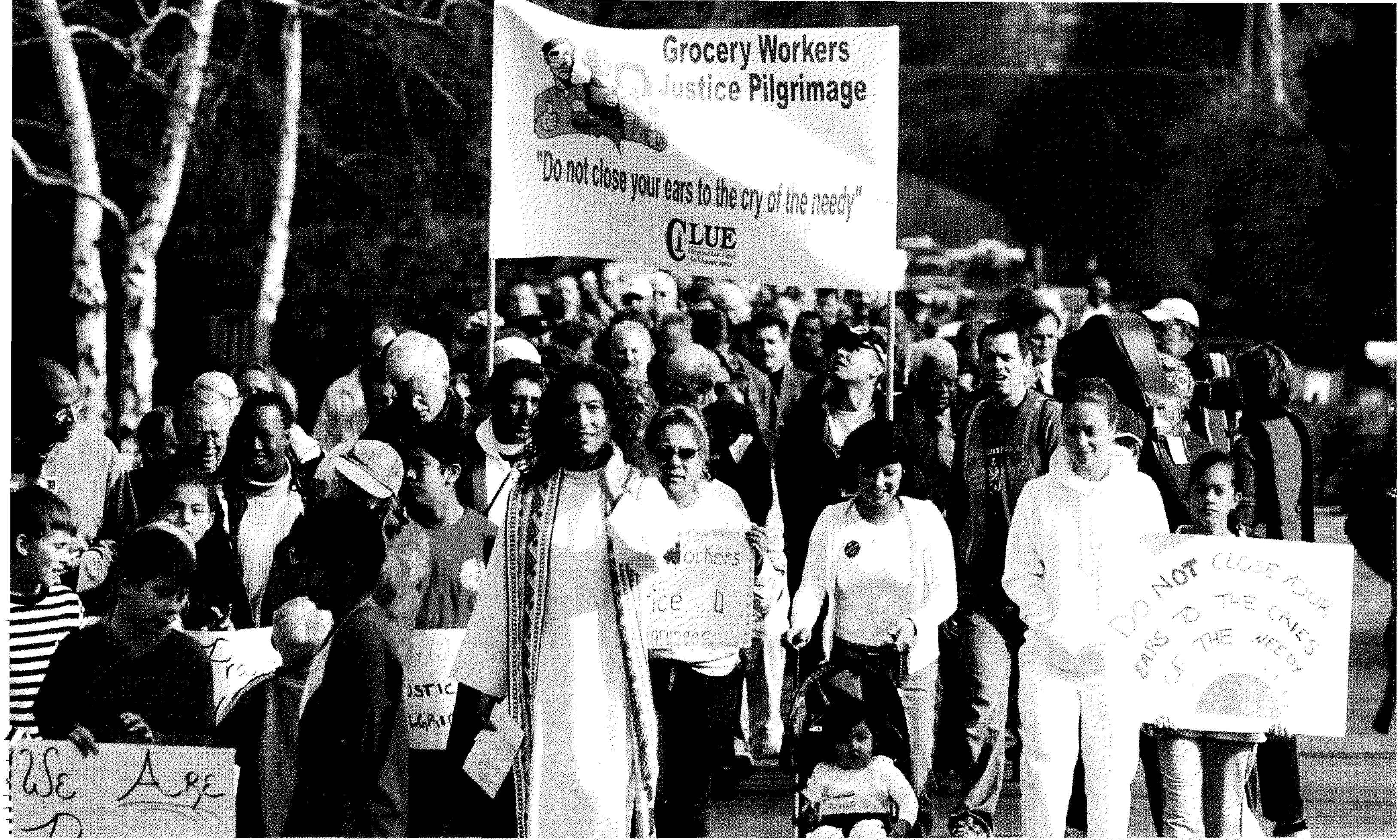
"Well, it does make a difference because you interrupt the pattern of care," Lott answered himself. "You need to maintain the pattern of care in the community to avoid more emergency care down the road. We don't want to add to health care costs, which are already rising at three to four times the rate of inflation each year."

The three chains — Safeway, Albertson's and Kroger — want current employees to pay more of the cost of their health insurance, and want a firm limit on their own contributions for future cost increases. Furthermore, they want to spend even less on health care for workers hired in

TO PAY


IUPAT FAMILIES SUPPORT UFCW RETAIL CLERKS
UFCW a VOICE for working America RALPHS EMPLOYEES ON LOCKED OUT PLEASE RESPE OUR PICKET
UNITED FOOD A WORKERS UNI AFL-
EMPLEADOS EN HUELGA
RALPHS EMPLOYEES ON LOCKED OUT
SEIU
SEIU Local 66
UFCW
IUPAT FAMILIE SUPPORT UFCW RETAIL CLERKS

Striking and locked-out grocery workers rally in Hollywood outside a Safeway-owned supermarket. Photo: Jim Ruymen, Reuters, 10/16/03.


Grocery Workers
Justice Pilgrimage
"Do not close your ears to the cry of the needy"
CLUE
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DO NOT CLOSE YOUR EARS TO THE CRIES OF THE NEEDY
WE ARE

Hundreds of religious leaders and striking grocery workers march towards the home of Safeway CEO Steve Burd in Alamo, California. Some traveled from Los Angeles to deliver 10,000 letters from striking workers asking that labor negotiations be resumed. Photo: John Sullivan, Getty Images, 1/28/04.

the future. The companies say they need the savings to compete with other stores, notably Wal-Mart, that are non-union and offer few, if any, benefits. The chains claim their plan is still fair and generous to the workers, adding that employees everywhere are being asked to pay more for health care. They argue that the cost increase to current employees, $5 for an individual or $15 a week for a family, is modest. Currently, grocery workers make no contributions for their health benefits.

The United Food and Commercial Workers Union rejected the chains' proposal, arguing that it ultimately will rob workers and their families of health care by rendering it unaffordable. If that happens, union officials warn, employees will be forced to rely on an over-burdened public health system. The union represents 70,000 employees from more than 850 stores who have been off the job since October.

"There's no question in my mind, it's going to mean the end of meaningful health care for workers in the grocery industry going forward," said Sid Abrams, a consultant to the union. "Clearly, when people who have no or inadequate insurance get sick, they turn to public assistance in one way or another. We all bear the burden."

Union executive Sean Harrigan said that future workers will be priced out because the chains have proposed limiting their health care contribution for new employees to $1.35 per hour worked. A typical part-time employee working 27 hours per week would receive only about $140 a month for health care, a fraction of the actual cost, Harrigan said.

"So as turnover occurs, gradually, over time, all 70,000 workers and their families will be forced out. That's 200,000 Californians — a huge number of people with no coverage at all. And, of course, that puts more pressure on a medical system that's already having problems," Harrigan said.

Neutral parties have mixed views on the ultimate impact of a settlement favored by the chains. Dr. E. Richard Brown, director of the UCLA Center for Health Policy Research, for instance, is alarmed by the public health implications of the companies' plan.

"The proposal by the supermarkets is an extreme version of a trend we've seen with employers across the country for several years: shifting costs onto workers and sharply cutting back on benefits," Brown said. "If the proposal sticks, it would have a big effect across the country, leading to an even greater degrading of benefits."

Brown said the policy of forcing workers to pay more for their health care will result in some of them going without, a scenario he says has dire long-term implications.

"By increasing the costs of getting care, and increasing the premiums that workers have to pay for employment-based coverage, people whose health is good and income is moderate may say, 'They're asking me to pay more than this is worth,'" Brown said. "It is likely to reduce the income of physicians. It means less money for providers of care, less coverage for workers. It will discourage people from going to the doctor or getting their prescription filled. Because of higher charges for preventive care, we're likely to see fewer people getting pap smears and colorectal exams," resulting in less early detection and treatment.

"If charges for primary care are high, we're likely to see people delaying going to the doctor when they're sick," Brown added, noting that there are significant public health costs for those delays. "For example, if a child is untreated for an ear infection, and it results in hearing loss, it has the potential to drive down that child's performance in school."

What is the ultimate burden?

Dan Carson, chief of health policy for the Legislative Analyst's Office, noted that there would be a significant — but not necessarily overwhelming — additional burden to the public system if most of the 70,000 striking workers and their families turned to the state and counties for health care. "The safety net would be the state Medi-Cal and Healthy Families programs," said Carson, "and the county indigent-care system — those three or a combination of them. "

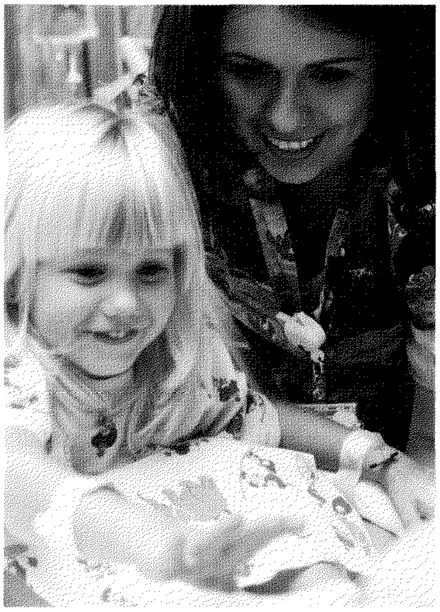
Medi-Cal, Carson noted, now serves 6.6 million people, while 732,000 children are covered by Healthy Families. "So it could result in some noticeable additional demand. But in the grand scheme, perhaps it's not a huge thing."

Likewise, Lucien Wulsin, director of the Insure the Uninsured Project in Santa Monica, which lobbies for more access to public and private health care programs, sees his job becoming more demanding if grocery workers are priced out of coverage. "The system wouldn't collapse," he said, "but it would add to an already overburdened county clinic system."

The public health director for Los Angeles County, Jonathan Fielding, sees major new problems ahead for his already stretched county system. "Some of the [grocery workers] would have to rely on our system," he said. "Any increase in the number of uninsured would exacerbate the problem."

That would have several consequences, none of them good, he added. "It would mean longer waits in emergency rooms. People may or may not continue to pay for medication that may be important to their health, and people may not get a lot of preventive services," Fielding said.

Carmela Castellano, chief executive officer of the California Primary Care Association, which represents 600 non-profit clinics, said the grocery settlement could add more financial strain to non-profit clinics. "It exacerbates an existing problem and a growing trend, the growing number of uninsured," she said. "When individuals come



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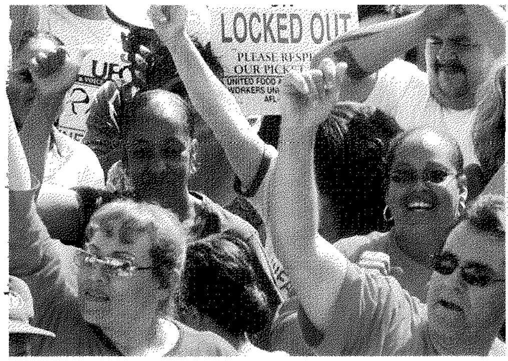
to our health centers without reimbursement, what we can collect on a fee basis doesn't cover the cost. It's a growing strain on an already fragile safety net."

The Hospital Association's Lott said he has economic, as well as altruistic, reasons for wanting grocery workers to keep affordable health care. Without it, he said, routine care will decrease, while the number of emergency room visits will go up.



"Frankly we're all going to have to pay more out of our own pockets for health care. The grocery workers' situation is reflective of an impending crisis that's going to affect all of us."
— Jack Lewin, California Medical Association

"The ER is the only place that guarantees to see you whether or not you are insured, so that's where people will end up. We've already got six to eight hours of waiting time, and that will get longer," he said. "Using emergency rooms to access care is not the way to go. Deferring primary care will increase the pain and suffering of people, and we don't like to see people endure sickness."

A bigger crisis

Jack Lewin, chief executive officer of the California Medical Association, thinks the grocery dispute is a small piece of a far greater and broader looming crisis: the growing demand for, and rapidly rising cost of health care everywhere.

"I see some ironies in the whole thing," Lewin said. "Grocery workers are concerned about having to pay a modest amount for health care. The fact is everybody is paying more for health care every day, in every job, in every walk of life. We will all continue to be paying more and more."

There are a number of reasons for that, he said. "We're beneficiary of new miracles, new hips, new joints, new coronary [arteries]. All of these things are becoming available, and we all want them. But these things are expensive, and our willingness to pay for them is far less than our expectations for them."

As the Baby Boom generation ages, its demand for health care will steadily increase, Lewin said, and that growing demand will keep driving up the price. "We are all living a decade or two longer than we used to, and we want that much more health care. We have an increased demand for health care, and wonderful new miracles available, and we want it all and we don't want to pay for it. And Baby Boomers are going to increase this demand exponentially over the next 20 years."

That's what the impasse over how to pay for health benefits for the grocery workers is really all about, according to Lewin. "The grocery disagreement is the tip of the iceberg. It's what we now see," he said.

As a result, Lewin said he finds merit, and flaws, in both sides' arguments in the grocery dispute. "It's easy to empathize with workers who don't want to pay more for health care. It's also easy to empathize with the employers who are faced with Wal-Mart competition that won't provide any benefits," he said.

That situation, he said, makes the solution increasingly complicated. "If we ask employers to pay for everything, then none of us will ever get a raise again. But we also cannot allow the employees to shift to the ranks of the uninsured because it will destabilize everything and everybody. The worst thing would be for the ranks of the currently insured to become uninsured, which would result in the emergency room becoming the place for primary care."

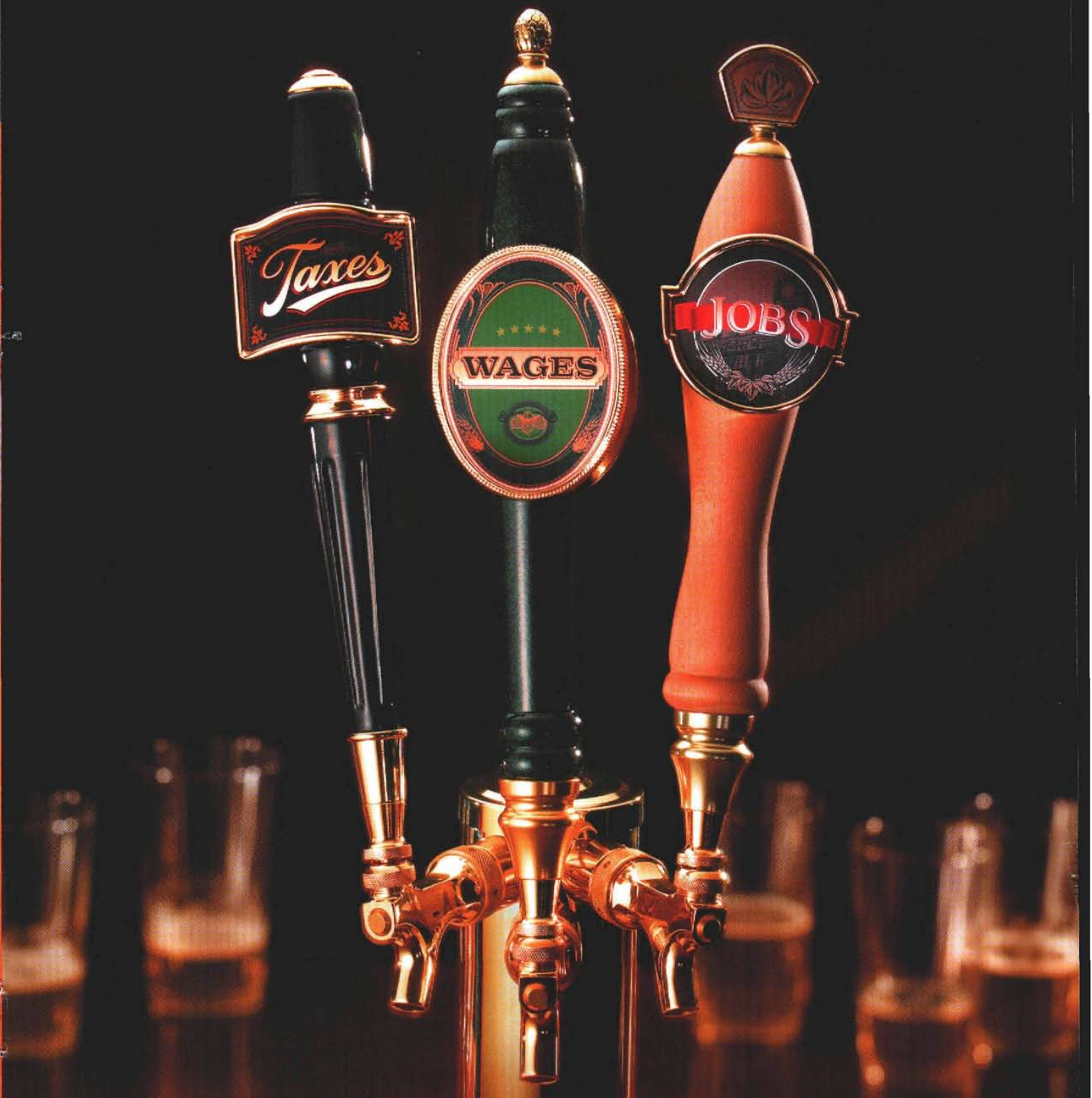
Lewin ultimately sees consumers, employers and government paying more to fund health care, but any long-range solution will require intelligent and informed decisions by consumers. "Maybe employees ought to be more responsible for health care costs so they are more cognizant of them and use health care more wisely," he said.

"Fantastic medical marvels are available, but they're expensive. We need to be more prudent about the use of them to keep expenses down," Lewin said. "Frankly we're all going to have to pay more out of our own pockets for health care. It's not free. It's 15 percent of our gross national product and rising. Consumers of health care need to understand how expensive it is."

That's why, Lewin said, all Californians in all kinds of employment would be wise to pay attention to the issues in the grocery strike. Ultimately, he said, they'll hit everyone.

"The grocery workers' situation is reflective of an impending crisis that's going to affect all of us," he said. "Whether rich or poor, we're all at risk."

Sandy Harrison is a freelance writer from Sacramento and a former reporter for the Los Angeles Daily News. *He also served as communications director for several public officials, including state Senator John Burton and state Controller Steve Westly. Comments on this article may be sent to* **comments@californiajournal.com**



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